

THE RENEWAL OF TRUST
IN
RESIDENTIAL CONSTRUCTION
PART II
VOLUME THREE - A — DOCUMENTS

COMMISSION OF INQUIRY INTO
THE QUALITY OF
CONDOMINIUM CONSTRUCTION
IN
BRITISH COLUMBIA

Submitted to
The Lieutenant-Governor in Council
Government of British Columbia
by
Dave Barrett, Commissioner

March 2000

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MINUTES

EXECUTIVE BOARD MEETING January 5, 1990 NHWP Office



PRESENT:

B. Usher	D. Verge	S. Smith
W. Miller	R. Miller	
B. Clarke	W. Graham	

The meeting was called to order at 9am by Brian Usher, Chairman.

The Minutes of the December 20 meeting were approved as circulated.

PROPOSED 1990/91 BUDGET

New Home Warranty Marketing - Page 7 - (*)

New Home Promotion Project, revise to read \$240,000

Add column to be titled Builder Marketing. for \$50,000.

Gov't, Mortgage Lenders PR, revise to read \$25,000.

Page Notation to Read 'All line items will be subject to review and confirmation on receipt and analysis of survey currently underway.

Special Projects - Page 8 (*)

(*) Pages 7&8 to be combined and titled Industry Marketing/Promo, Training.

RCI 1990-91, revise to read \$105,000.

Other Promotion \$7100 - Delete

RCI Prepaid 1991-92 \$85,000 - Delete - to be carried as balance sheet item with disclosure on budget presentation.

Cash flow Summary - Page 9

Staff to prepare sheet showing forecast and actual for years 1986, 1987, 1988

A Conference Call will be scheduled for January 9 for final discussion on Proposed Budget, prior to submission to Board.

.....Cont'd.

BUILDER/CONSUMER SURVEY

A brief update was circulated noting that response to January 3 was not as hoped. A reminder postcard was sent with an additional full mailing scheduled for mid January.

DIRECTOR & OFFICER LIABILITY

With increased incidences of Board members in general being held responsible for actions taken during their tenure, Legal Counsel has recommended that Director & Officer Liability Insurance be placed on the NHWP Agenda. Currently NHWP does not carry such insurance.

The meeting adjourned at 11:30.



MINUTES

EXECUTIVE BOARD CONFERENCE CALL

January 9, 1990
11:05 AM

PRESENT:

R. Miller, Treasurer
W. Miller

W. Graham
B. Clarke

D. Verge

ABSENT: B. Usher

TOPIC: 1990-91 Operating Budget

Discussion ensued on the revised multi year comparative summary of cash flow showing forecasted and actual levels.

Highlights- Past practise of ultra conservative approach to forecasting on income side.
Current position (1990-91 projection) shows a more aggressive approach in forecasting income and cash required to meet expenses.

Agreed to reduce 1990-91 contribution to RCI to original limit of \$100,000.

M/S/C W. Miller/B. Clarke

....Current budget (89-90) marketing section, item National Convention - New Home Warranty officially sponsor dinner only at BC Host Night, and current budget be amended to reflect the anticipated cost of \$35,000. Current budgeted item will now read \$43,000. Warranty will be given full credit as dinner sponsor with billings to Warranty to be from Hotel/Trade Convention Centre

It was agreed that staff would revise draft budget (#9) and forward to all Directors for consideration at the next full Board meeting.

There being no further business, the Conference Call terminated.



MINUTES

BOARD OF DIRECTORS EXTRAORDINARY GENERAL MEETING

FEBRUARY 12 & 13, 1990
Holiday Inn Downtown
Vancouver, B.C.

PRESENT:

D. Babalos	M. Kipot	D. Verge
J. Boyde	J. Konrad	R. Moore
D. Braun	R. Miller	S. Smith
B. Clarke	W. Miller	R. Wood (Feb 13)
M. Craigen	I. Nahrgang	R. Kuhn
W. Graham	B. Usher	A. Taylor, Nesbitt Thomson (Feb 12)
T. Hackett	N. Ziola	R. McKinley, C.A. (Feb 12)
R. Haan		L. Deering, UDI (Feb 12)
E. Kennedy		F. Schliewinsky, Strategics (Feb 13)

ABSENT

F. Whitbread
W. Miller (Feb 13)

The meeting was called to order at 1:15 pm, February 12 by Chairman Brian Usher.

M/S/C M. Craigen/ D. Babalos

.....that the Minutes of the meetings of September 28, 1989, October 16, 1989, November 10, 1989, November 20, 1989, December 20, 1989, January 5, 1990, and January 9, 1990 be adopted as circulated.

INVESTMENT PORTFOLIO

In his opening remarks, Mr. Taylor gave a preview of some current headlines concerning housing starts and market conditions. Indications are that the market is in a somewhat fragile condition, with Economists prediciting everything from a slowdown to a recession.

It is not yet known what effect the GST will have on the Warranty Program and it is possible that it will fall under the "insurance" category and will be exempt.

Cont'd.

The portfolio was reviewed in depth and indicated that NHWP funds are invested in solid, low risk investments such as Canada Bonds, T-Bills and other such investments as Ontario Hydro and CIBC mortgages. Some discussion was held on a BC corporation investing in other provincial securities and it was agreed to leave the portfolio diversified in these low risk areas.

It was noted that BC Bonds are a good investment but they are in short supply in the market.

The report indicated that the NHWP portfolio has increased considerably since Nesbitt Thomson assumed the account and Nesbitt Thomson was directed to continue with the conservative approach as agreed.

UDI CONTINUING EDUCATION TRUST FUND

Lynn Deering, Manager Education & Communications for UDI, presented UDI's request for additional Warranty funding relating to UDI's Education and Training for the high density residential builder/developer.

In her review of activities thus far, it was pointed out that the UDI programmes do not conflict with programmes being offered by CHBA's RCI. Ms. Deering noted that with submission prior to March 15, the Federal Government would match contributions by 30%. UDI's request is for \$100,000 from NHWP and an anticipated \$100,000 from their own membership.

Following her comprehensive presentation, Ms. Deering was excused and the Board thoroughly discussed the topic, where it was brought to light that 60% of NHWP's enrollments are high density and 80% of those builders are UDI members.

M/SDEFEATED T. Hackett/M. Kipot

.....that the UDI request for funding be denied.

M/S/C W. Graham/D. Babalos (Opposed: M. Kipot)

.....that NHWP provide a grant of \$25,000 and a total combined maximum of \$100,000 on matching funds, dollar for dollar, on any money raised from UDI members, in excess of the \$25,000 grant, and further that NHWP will be given equal billing with UDI on publications and projects funded by the Education fund of UDI.

It was suggested that NHWP builders be placed on the UDI mailing list and that seminar fees for NHWP Registered Builders be the same as for UDI members.

It was suggested that NHWP have a Trustee on the RCI Board to ensure the programmes offered do not conflict with UDI.

.....Cont'd.

MAPLE RIDGE ISSUES

Mr. Kuhn presented a thorough report on the status of the 4 Maple Ridge houses that are in various stages of soil subsidence, and the legal status with the parties involved other than the homeowners. The original value of the homes has increased from approximately \$85,000 to \$145,000.

Because of convoluted circumstances which have evolved since the initial Board decision to place the maximum \$20,000 coverage of each home into a Trust Fund for the homeowners, and commence action against various other parties in the name of the homeowners, a simple solution does not now appear to be at hand.

- ° 1 residence is known to have been sold (Binks).
- ° 1 residence is in the process of being sold (Greenland)
- ° 1 residence couple have separated their marriage (Clubine).
- ° 1 residence is in dire need of repair (Philps).

Lengthy discussion resulted in the following decisions -

M/S/C

D. Babalos/R. Haan

.....that NHWP buy out the Binks and Greenlands at between the market value and what their houses sold for, with the funds made payable to the original owners.

Legal Counsel is to predetermine if these houses were sold with full disclosure.

A new method of repair known as "deep soil pressure grouting" was discussed.

The long term effects of this type of repair are not fully known, however, it is known that in some instances the process may be repeated two or three times before it is effective and lifting is complete. Management was directed to investigate the process further.

M/S/C

M. Kipot/T. Hackett (8 For / 6 Against)

.....that the Clubine house be fixed; that the Binks house be paid out at the difference between market value and the selling price; that the Philps house be repaired and that the Greenland house be bought by NHWP, repaired and resold without a Warranty. If the Greenland house is already sold, staff is to make the decision on how to handle the issue.

It was suggested that staff enquire of the new purchasers if they perceive that they have a Warranty on their homes.

..... Cont'd.

AUDITOR REVIEW OF ACCOUNTING PROCEDURES

Mr. Reg McKinley, C.A., with the firm of Henshaw Kjellbotn & McKinley reported that his firm has been conducting accounting audits on NHWP according to audit procedures as set out by the Institute of Chartered Accountants. In addition to the annual year end audit, Mr. McKinley has conducted a semi annual, unannounced audit to test the system. He has found everything to be satisfactory with good internal control and no changes are recommended.

Attached to these Minutes is a copy of Mr. McKinley's report.

M/S/C

M. Kipot/E. Kennedy

.....that the Auditor's report be accepted as presented.

RECESS

M/S/C

R. Haan/T. Hackett

.....it being 5 pm, that we recess until 9:00 o'clock am, February 13, 1990.

FEBRUARY 13, 1990

The meeting was called to order at 9:15 am by Chairman Brian Usher.

CONSUMER/BUILDER SURVEY

Mr. Frank Schliewinsky of Strategic Development Services Limited distributed his preliminary survey results and discussion followed.

The highest percentage of replies came from new home buyers and current Registered Builders. Resale homebuyers did not feel the survey related to them and non-registered builders showed a lack of interest; except, from those who did reply, it was pointed out that "a non-registered builder is not necessarily a bad builder".

The preliminary results indicate that NHWP is not effective in marketing its Registered Builders; coverage should be expanded and a more direct role in after sales service should be taken by NHWP.

According to buyers, NHWP is important in assessing quality of construction and while it does not decide on the home to buy, it does decide on the builder.

The survey was conducted on new homes with occupancy of 6-7 months and the suggestion was made that the survey be conducted on the same homes at 1.5 years to see if the level of satisfaction was any different.

Mr. Schliewinsky expected to have his final analysis within 2 weeks at which time the Chairman would call on the Board to form a Committee to analyze the results.

.....Cont'd.

DIRECTOR LIABILITY

Mr. Kuhn reviewed his comprehensive report focusing on some key areas which are somewhat unique to Pacific New Home Services, Inc.

It is becoming increasingly more evident that Directors are being held responsible and liable for actions during their time of service. It was noted that it is important to keep the parent company (CHBA) in good standing under the Companies Act.

Every company must display its name in legible characters and in the case where this is not done, a Director can be held personally liable.

Every Director shall act honestly and in good faith and exercise care, diligence and skill of a reasonably prudent person; in accordance with Section 142 of the B.C. Company Act.

Mr. Kuhn explained that 'Ultra Vires' actions are of particular interest to PNHS because PNHS is more akin to a society and there are things it cannot do, such as render assistance to its members (CHBA). Reference was made to Sections 3.1 and 20.3 of the Company Articles as it applies to the transfer of funds. Violation of the latter section could have a devastating effect on both the CHBA and the PNHS tax exempt status.

Mr. Kuhn advised that those Directors who oppose a motion should have their dissent recorded. If the issue is one of great importance, it will be assumed the Director approved unless otherwise noted.

DIRECTOR & OFFICER LIABILITY INSURANCE

In the discussion regarding insurance, it became obvious that most insurance companies have elaborate exclusions which do not make the policies very effective. However, one benefit of having a policy is to help pay legal fees incurred during the act of defense.

M/S/C D. Babalos/W. Miller (Usher opposed)

.....that Management investigate D&O Liability Insurance coverage and costs in the amount of \$2 - \$3 Million.

1990-1991 PROPOSED BUDGET

Mr. Bob Miller reviewed the proposed budget page by page and answered questions from the floor. A new format was used showing 'actual' figures from 1986 to current which showed a clear 5 year picture of income and expenses.

M/S/C E. Kennedy/D. Babalos

.....that up to Page 6 of the 1990-91 Proposed Budget be approved as presented.

.....Cont'd.

Discussion was held on the contents of Page 7, varying from the effects of the GST; the percentage of monies being spent on PR and Advertising; and how much of the RCI funding is actually being used for education.

As a result of the UDI motion, the UDI column was adjusted to include a figure of \$100,000 for the fiscal year 1990-91

M/S/C

R. Miller/D. Babalos

.....that Page 7 of the 1990-91 Proposed Budget be adopted as amended.

In his closing remarks, Mr. Miller expressed his sincere thanks to the Executive Committee and staff for their tireless efforts in the budget preparation. He also stressed that with the rapidly changing market conditions and more flexible financing schemes, that the revenue side requires careful monitoring.

OPERATIONS REPORT

Mr. Moore presented his report and all areas of Operations activities increased substantially. Additional inspection staff has been a benefit and has enabled the Program to investigate problems outside the city rather than rely totally on third party inspection services.

DEFINITION OF BUILDER

During the past year a number of Registered Builders, particularly high density builders, voiced objection to the definition of Builder as it appears in the Agreement With Builder contract.

The builders questioning the definition feel they would like to have the option of enrolling certain units and not enrolling other units. They do not feel NHWP should have the authority to interfere in how their corporate structures are created.

Mr. Verge pointed out that some exemptions already exist -

- a) Rental properties retained by the builder.
- b) Management Agreements where the builder provides 50% or less of materials/labour.
- c) Construction where the builder is not the vendor. However should the vendor wish to have the units enrolled, the builder may do so provided the vendor provides a cross-corporate guarantee.

Following discussion, the following motion was made -

M/S/C

R. Miller/W. Craigen

.....that NHWP keep the Builder Agreement document they way it is and review it again after assessing the Market Study.

B.C. HOUSING RESEARCH INSTITUTE

Mr. Wally Miller, President of CHBA-BC presented a proposal to start developing a research capacity in order to properly put forward the industry's position to the public, municipal officials and the media. With current development practices, builders must now enter into every hearing and discussion on housing and must work twice as hard to overcome intrinsic opposition to new housing.

The proposed mandate of the research institute would be to direct research in consultation with the industry, using consultants to undertake the required work.

During discussion it was suggested that UDI already perform this sort of research; and perhaps if it is a major industry concern that the group should be broader based to include realtors, UDI, CHBA, etcetera.

Management was given direction to send Mr. Miller a letter of encouragement endorsing the concept.

MICC

To follow up on MICC's decision not to insist on Warranty as a prerequisite for high ratio financing, Mr. Verge advised that MICC has softened its stand in that they have declared the new policy as a "test" to determine if indeed Warranty is the reason for their declining share of the market.

Mr. Verge noted that in 1980, 60% of buyers required high ratio financing while in 1988, this figure was reduced to 25%; and there has been a growth in owner built housing from 42% to 52%.

There being no further business, the meeting adjourned at 4:05 pm.

1. REVENUE AND EXPENSE RECOGNITION

(i) ADMINISTRATION FUND

(a) REVENUE:

- BUILDERS REGISTRATIONS
- BUILDERS RENEWALS
- HOME ENROLLMENTS
- OTHER INCOME

(b) EXPENDITURES:

- SALARIES
- OFFICE, ETC.

(ii) RISK RETENTION FUND

(a) REVENUE

- HOME ENROLLMENTS
- OTHER RECEIPTS
- CLAIMS RECOVERY

(b) EXPENSES

- CLAIMS PAID AND PENDING
- INSURANCE PREMIUMS
- OTHER

2. HOME ENROLLMENT FEE

- PRINCIPLE OF ALLOCATION

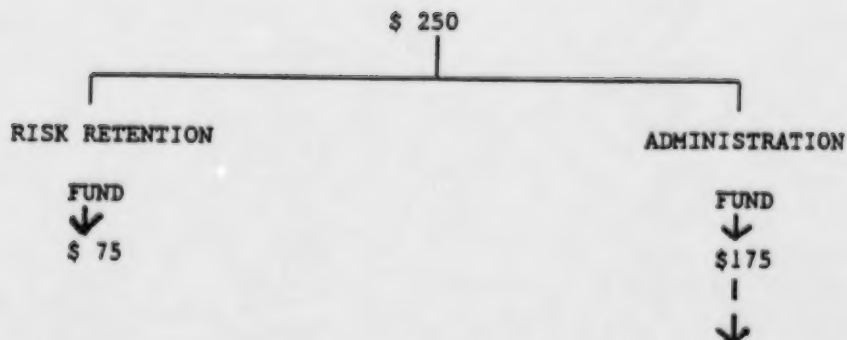
- EXAMPLE:

ASSUMPTIONS:

- HOME ENROLLMENT FEE RECEIVED IN 1989	\$	250
- INITIAL ALLOCATION TO RISK RETENTION FUND	\$	75
- REMAINDER BROUGHT INTO INCOME		

AS FOLLOWS:

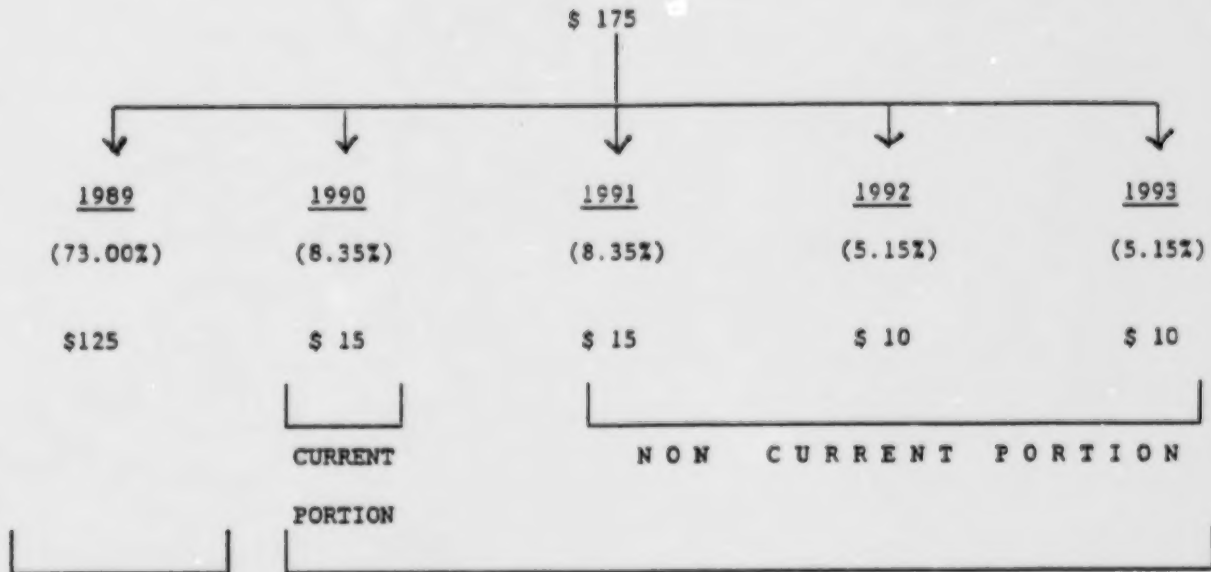
ENROLLMENT OF HOME - 1989	73.00%	\$	125
YEAR 1 - 1990	8.35%		15
YEAR 2 - 1991	8.35%		15
YEAR 3 - 1992	5.15%		10
YEAR 4 - 1993	5.15%		10
	<u>100.00%</u>	\$	<u>175</u>



(4)

ENROLLMENT FEE

ADMINISTRATION FUND



CURRENT PORTION
OF
ENROLLMENT FEE

DEFERRED PORTION OF
ENROLLMENT FEE \$ 50

(5)
 FINANCIAL STATEMENT PRESENTATION AND PROJECTION
 - ENROLLMENT FEE -

YEAR ITEM	1989	1990	1991	1992	1993	TOTAL
(i) <u>ASSETS:</u>						
BANK	\$250	\$ -	\$ -	\$ -	\$ -	<u>\$ 250</u>
(ii) <u>LIABILITIES:</u>						
(a) CURRENT PORTION OF DEFERRED ENROLLMENT FEE	\$ 15	\$ 15	\$ 10	\$ 10	\$ -	
(b) NON-CURRENT PORTION OF DEFERRED ENROLLMENT FEE	35	20	10	-	-	
(iii) <u>INCOME:</u>						
(a) ADMINISTRATION FUND						
(i) CURRENT PORTION OF ENROLLMENT FEE	\$125	-	-	-	-	\$125
(ii) MATURE PORTION OF ENROLLMENT FEE	<u>-</u>	<u>15</u>	<u>15</u>	<u>10</u>	<u>10</u>	<u>50</u>
CUMULATIVE TOTAL	<u>\$125</u>	<u>\$140</u>	<u>\$155</u>	<u>\$165</u>	<u>\$175</u>	
(b) RISK RETENTION FUND	\$ 75	-	-	-	-	<u>75</u>
				<u>TOTAL FEE ALLOCATED</u>		<u>\$250</u>

(6)

NEW HOME WARRANTY PROGRAM OF
BRITISH COLUMBIA AND THE YUKON

FINANCIAL STATEMENT PRESENTATION

(i) PORTION OF BALANCE SHEET

	<u>ACTUAL</u> <u>DEC. 31/89</u>	<u>EXAMPLE</u>
<u>LIABILITIES</u>		
<u>Administration Fund:</u>		
Current liabilities		
Accounts payable	\$ 77,405	\$ -
Due to Risk Retention	46,934	-
Unearned revenue	11,233	-
Trust funds - letters of credit	68,006	-
Current portion of deferred enrollment fees	<u>391,956</u>	<u>15</u>
	\$ 595,534	\$ 15
Deferred enrollment fees	\$ 575,034	\$ 35

(ii) STATEMENT OF REVENUE AND EXPENDITURES

	<u>ACTUAL</u> <u>DEC. 31/89</u>	<u>EXAMPLE</u>
<u>Administration Fund:</u>		
Builders registration and renewal fees	\$ 17,704	\$ -
Current portion of enrollment fee	1,064,799	125
Mature deferred enrollment fee	316,518	-
 <u>Risk Retention Fund:</u>		
Enrollment fees	\$ 641,100	\$ 75
		<u>250</u>
		<u>\$ 250</u>



MINUTES
BOARD OF DIRECTORS
EXTRAORDINARY GENERAL MEETING

April 11, 1990
Delta Airport Inn Resort
Richmond, B.C.

PRESENT:

D. Babalos	E. Kennedy	D.C. Verge
J. Boyde	J. Konrad	S. Smith
D. Braun	R. Miller	F. Schliewinsky - Strategics
M. Craigen	I. Nahrgang	
T. Hackett	B. Usher - Chairman	
R. Haan	F. Whitbread	
	N. Ziola	

ABSENT:

B. Clarke	M. Kipot
W. Graham	W. Miller

The main purpose of the meeting, which was called to order at 9:15 am by Chairman Brian Usher, was to review and discuss the Strategic Development Survey results as submitted by Frank Schliewinsky, and following full Board input into discussions, strike a Task Force to deal with specifics and make its recommendations at a later date.

In his review of the previously distributed written report, Mr. Schliewinsky emphasized the following points:-

- NHWP is not just a consumer protection but should also see itself in the communications business.
- 15% of the Registered Builders account for 75% of enrollments.
- A large number of SF builders enroll the least number of units
- A small number of Multi builders enroll the most number of units.
- Listen to the concerns and comments of Multi builders for if they do no support NHWP, the loss would be significant.
- Work at changing the impression that NHWP is for the small builder only.
- Those previously registered builders will take extra effort to bring back into NHWP.
- Level of satisfaction is high with POS materials, however there is a large variance of opinion between SF and Multi builders.
- Builders register for 2 main reasons
 - high ratio financing
 - seen as quality builder

- Promotion should concentrate on NHWP homes, NHWP builders.
- A high percentage of non-registered builders are new companies since 1982.
- There is a fair amount of hostility toward NHWP on part of non-registered builders.
- Multi registered builders resent full payment of enrollment fees when there is often a significant time lag between footings and completion.
- Lender requirements play significant role in builders registering and lender liaison should not be ignored.
- Consumer buys by location and affordability. NHWP does not play significant role in completed home selection.
- Consumer rates NHWP high in selection of builder.
- Consumer sees NHWP as indicating quality in builder.
- Builders do not think the consumer values NHWP.
- 66% of SF buyers had problems in first year with only 29% satisfaction with resolve.
- 86% of Multi buyers had problems in first year with only 29% satisfaction with resolve.

TERMS OF REFERENCE TASK FORCE

1. Review survey recommendations.
2. Review Alberta, Ontario and Quebec coverages, fees and claims experiences.
3. Review staff and consultant findings and underwriting analysis to determine present allocation to Risk reserves and loss calculations.
4. Review possibility of absolute transfer of liability from Builder to warranty and if possible when to effect the transfer of liability.
5. Review possibility of co-underwriting arrangement with high density builders.
6. Consider introduction of new hybrid warranty product especially designed for high density builders together with consideration for adjustment to or a new fee schedule for high density builders.
7. Consider possibility of changing warranty limits and coverages for single detached and low density housing.
8. Review the effect on existing fee schedules.

The Task Force to meet at such times and places as it deems necessary. It shall also be empowered to consult with and receive representation, oral or written, from individuals or groups having special interest in matters of Warranty.

.....Cont'd.

The Task Force shall conclude its review and present its report of findings and recommendations to the full Board at such time to permit the full Board the opportunity to review the report, meet for discussion and create resolutions necessary to bring about any change prior to the end of December 1990.

TASK FORCE

- | | |
|----------------------------|--------------------------------|
| 1. Tyke Babalos - Chairman | 4. Tim Hackett |
| 2. Bob Miller | 5. Wally Miller - Pres CHBA-BC |
| 3. Michael Craigen | 6. David Verge |

NEW BUSINESS

Mr. Verge reported that the B.C. Housing Management Commission has moved away from strict requirement of Warranty on Social Housing Projects. This decision, it appears, has been made by the Commission without the knowledge of the Provincial Housing Ministry. As this change will have a dramatic effect on enrollments, a meeting is being arranged with the Ministry to discuss a comprise.

UDI matched the Continuing Education Trust Fund guidelines as set out at the February 12 Board meeting and funding has been forwarded to UDI.

Worker's Compensation has reorganized and Mr. Usher recommended that each Board member contact their local WCB office and become involved.

There being no further business, the meeting adjourned at 1:45 pm



MINUTES

MARKET STUDY TASK FORCE MEETING

May 4, 1990

Warranty Program Offices

PRESENT:	D. Babalos	M. Craigen	D. Verge
	T. Hackett	R. Miller	S. Smith
	W. Miller		

The first meeting of the Market Study Task Force was called to order at noon by Chairman Tyke Babalos.

The purpose of the meeting was to identify the objectives of the Committee; set a schedule to analyse the Market Study report and propose solutions for the specific areas of concern.

It was decided that the primary focus for the next meeting will be Section 4.1 (Pages 30 & 31 of Strategics Market Study Report). At the next meeting, further consultation will be held with Frank Schliewinsky to ensure the Committee is interpreting the report correctly.

A schedule of meetings was set as follows, with all meetings to be held at the Program offices - 2nd floor Conference Centre, unless otherwise advised:-

Wednesday	May 9, 1990	2:30 - 5:00	(Frank Schliewinsky to attend at 4 pm)
Wednesday	May 23, 1990	2:30 - 5:00	
Thursday	June 7, 1990	8:00 - Noon	
Thursday	June 21, 1990	8:00 - Noon	

The meeting adjourned at 1:30 pm.

MINUTES

MARKET STUDY TASK FORCE MEETING May 9, 1990 Warranty Program Offices

PRESENT: D. Babalos T. Hackett D. Verge
 R. Miller W. Miller S. Smith
 F. Schlievinsky

ABSENT: H. Craigen

The agenda for the meeting was to review Section 4.1 of the Market Study (Improving the Program for present members).

After review and clarification with Frank Schlievinsky, the Committee came to the following conclusions:-

CONCLUSION 1

The target builder group to be consulted for their opinions and ideas is a relatively small and manageable one. (based on "15% of the members account for 75% of the units enrolled.....")

- Approach to this group will be a professional one; positive in manner outlining some of the data included in the study.
- Approach should be one on one; or,
- Approach could be in form of T-Group led by a professional.
- Approach should be made to key decision makers.

.....Cont'd.

CONCLUSION 2

It is important that builders be aware of the following statistics from the survey:

- ! that the consumer considers NHWP coverage important when choosing a home from a particular builder.
- ! that consumers favour NHWP over builders' own warranty.
- ! that consumers relate NHWP with quality.
- ! most home buyers value NHWP coverage at more than \$500.
- ! many larger builders are attracted to NHWP for the perceived promotional advantages and perceived association between a quality product and NHWP coverage.
- ! that builders are satisfied with dispute handling (conciliation/arbitration) procedures and believe them to be fair and quick.
- ! survey indicated that builders want more NHWP promo. The \$ value and results of NHWP promo during the past 2 years should be highlighted to builders.
- ! impress upon builder that consumer reads POS materials.

CONCLUSION 3

Registration criteria requires no action.

CONCLUSION 4

POS materials will not be altered at this time. A review will be held at the conclusion of consultation with builder.

FOR NEXT MEETING

1. Stats on builder-vs-homeowner initiated conciliation/arbitration.
2. Stats on enrollment activity.

NEXT MEETING

Wednesday, May 23, 2:30 pm, Program offices, 2nd floor conference centre. Frank Schliewinsky will be in attendance for entire meeting.

The meeting adjourned at 5:15 pm.



MINUTES

MARKET STUDY TASK FORCE MEETING MAY 23, 1990 Warranty Program Offices

PRESENT: D. Babalos T. Hackett D. Verge
 R. Miller M. Craigen S. Smith
 B. Usher F. Schlievinsky

ABSENT: W. Miller

The Minutes of the May 9 meeting should be revised to read as follows:-

CONCLUSION 2

1. that the consumer considers NHWP coverage important when choosing a builder.
5. many larger builders are attracted initially to NHWP for the perceived promotional advantages and perceived association between a quality product and NHWP coverage.
8. impress upon builder that consumer reads POS materials (unsubstantiated).

SECTION 4.2 ATTRACTING NEW MEMBERS

CONCLUSIONS

1. "Sell" benefits of NHWP to builders.
2. Offer more flexible fee structure to multi family builders.
3. President meet with highest level of top producers of multi family units, social housing sponsors and lenders.
4. Investigate the possibility of hiring very focused Field Representatives who will promote Warranty on job sites. Different approach to small single family builder -vs- multi family builder.
5. analyze registration fees to small single family builder.
6. Warranty "sales seminars" to staff of large multi family builders and also to local lender branches.
7. In isolation, changing Warranty coverages will not increase membership. Only if changes are part of a package of other changes will membership increase.

NEXT MEETING

Thursday, June 7, 1990, 8:00 am - Noon.

Agenda will review the Conclusions of Section 4.2 along with a discussion and analysis of Section 4.3.

The meeting adjourned at 5:15 pm.



MINUTES

BOARD OF DIRECTORS ANNUAL GENERAL MEETING

Monday, May 28, 1990
Executive Inn
Richmond, B.C.

PRESENT:

D. Babalos	M. Kipot	D. Verge
D. Braun	J. Konrad	R. Moore
B. Clarke	R. Miller	R. Wood
M. Craigen	I. Nahrgang	S. Smith
W. Graham	B. Usher - Chairman	R. Kuhn
T. Hackett	F. Whitbread	R. McKinley
R. Haan	N. Ziola	K. McArthur/R. Archibald
E. Kennedy	K. Sawatsky	of Nesbitt Thomson

ABSENT:

J. Boyde W. Miller

The meeting was called to order at 9:00 am by Chairman Brian Usher.

Mr. Usher introduced Ken Sawatsky who has been appointed by GVHEA as their Director representative to replace Neil Ziola who is retiring at the end of this term.

AGENDA

Mr. Usher announced there would be an 'In Camera' session immediately following lunch at which time all staff would be excused for approximately 1 hour.

M/S/C R. Miller/J. Konrad

.....that the Agenda be adopted as amended.

MINUTES

M/S/C B. Clarke/D. Braun

.....that the Minutes of the February 12/13 and April 11 meetings be adopted as circulated.

.....Cont'd.

CHAIRMAN REMARKS

Mr. Usher stated that the continuing success of the Program will be based on the success of our builders. Even though we are the single source for the warranty product, we must continue to ask how we can provide the best value for our customer, and to that end a Task Force has been established to analyze the results of the Strategics market study conducted in the early part of the year.

AUDITOR REPORT & AUDITED FINANCIAL STATEMENTS

Mr. Reg McKinley, C.A., of Henshaw, Kjellbotn & McKinley reviewed the Financial Statements and responded to questions from the floor.

In his review, Mr. McKinley pointed out that the Program accounting system is in good order and any information requested was readily available.

The question was raised on whether from an insurance company point of view, did the Program statements 'look good'. Mr. McKinley pointed out that the Program does not have a reserve like an insurance company but in any case, a reserve is usually double the equity.

In the ensuing discussion, Mr. Verge pointed out that the \$7 million Risk Retention Fund has only been substantially increased during the past 4 years and with the current downturn in the market, it is quite possible the Program will access these funds with increased claims and decreased income through lower enrollment activity.

M/S/C R. Miller/E. Kennedy

.....that the 1989-90 Audited Financial Statements be adopted as circulated and presented.

PRESIDENT'S ANNUAL SUMMARY

Mr. Verge reviewed his report which had been previously circulated, with emphasis on the fact the B.C. Housing Management Commission have modified their policy with respect to proposal calls for social housing and are no longer making Warranty a requirement. In order that Warranty builders do not face an inequality cost in bidding on social housing projects, bidding will be pursuant to established criteria and Warranty enrollment fees will be considered in the bid proposal. It would appear this new policy will have a negative effect on Program enrollments.

.....Cont'd.

LEGAL UPDATE

Mr. Kuhn, Barrister & Solicitor, distributed and reviewed his update on the Maple Ridge litigation.

Settlement has been made with Greenland; a resolve is still being sought for Binks; and repairs are being undertaken on the Clubine and Philp residences.

A trial date of November 13 has been set for the other parties involved but it is hoped that as the damages are more precisely defined, a pre-trial settlement can be made.

INVESTMENT PORTFOLIO UPDATE

Messrs. K. McArthur and R. Archibald of Nesbitt Thomson, Investment Managers, were in attendance.

A review of the Program portfolio was made and it was recommended that the investments remain as is. Mr. McArthur noted he did not see the value of NHWP retaining long term securities (20 year range) and will be reviewing these holdings when market conditions are more favourable.

Mr. McArthur shared some extremely interesting views on the economic impact of such issues as the national deficit, rising interest rates, the falling dollar, Meech Lake Accord and the potential of the European market.

IN CAMERA

Between the hours of 1-2, the Board met without staff.

MARKET STUDY TASK FORCE INTERIM REPORT

Mr. Babalos' report was discussed In Camera.

M/S/C D. Babalos/T. Hackett

.....that the Task Force report be accepted as distributed.

MOTION TO REAPPOINT

M/S/C J. Konrad/T. Hackett

.....that the following firms be reappointed for the fiscal year 1990-91 - Henshaw Kjellbotn & McKinley, Auditors; Robert Kuhn, Solicitor; Nesbitt Thomson Deacon Inc, Investment Managers.

.....Cont'd.

OPERATIONS DEPARTMENT REPORT

Mr. Moore reviewed his previously distributed report noting that complaints have reached an all time high with an approximate increase over last year of 33%. The number of Registered Builders is remaining static at 814 and the 1989-90 fiscal year saw a 34% increase over budget in enrollments. A recovery rate of 14%+ has been established for claims funds paid out.

M/S/C M. Kipot/M. Craigen

.....that the Operations Report be accepted.

RESIDENTIAL CONSTRUCTION INSTITUTE TRUST

A written report was distributed at the meeting and reviewed by Mr. Usher. The Board expressed its concern that RCI is spending its capital in excess of earned income and the lack of recognition the Program is getting in promo pieces.

It was decided that Mr. Usher & Mr. Graham would follow up on this with RCI.

NEW BUSINESS - NIL

PRESENTATION

Mr. Usher presented a plaque to Mr. Neil Ziola and thanked him for his input and service to the NHWP Board.

NEXT MEETING

The next meeting is scheduled for September 28 in Dublin, Ireland in conjunction with the Fifth International Housing & Home Warranty Conference.

The meeting adjourned at 3:15 pm.



MINUTES

MARKET STUDY TASK FORCE

June 7, 1990

Warranty Program Offices

<u>PRESENT:</u>	D. Babalos	R. Miller	D. Verge
	M. Craigen	S. Smith	F. Schlievinsky
<u>ABSENT:</u>	W. Miller	T. Hackett	B. Usher

SECTION 4.3 PROMOTING NHWP TO POTENTIAL BUYERS

CONCLUSIONS

1. Consumers have a high awareness of Warranty and relate quality with New Home Warranty.
2. A change of product & pricing is only one part of overall change.
3. Promote MSD coverage (Max \$1.5 million) to multi family builders as this is considerably better than the current liability coverage available to Structural Engineers (estimated to be a maximum of \$250,000 to \$500,000).
4. Attempt to determine why only 29% of SF homeowners are satisfied after occupancy; and why only 33% of homeowners have had problems solved to their satisfaction.
5. Builders find the NHWP W&M Standards satisfactory....would the consumer consider them too low?
6. Guarantee of a quality product is a high priority to the buyer.
7. Should NHWP take an active role in regular inspections during construction with the view to establishing more quality control? Considerations to be made will be cost, manpower and liability.
8. Buyers value the Warranty at more then the cost. (\$500-vs-\$240)
9. Buyers are willing to purchase extended warranty.
10. Promote "we work with builders to ensure quality is built in".

.....Cont'd.

It was decided that the Committee should meet with a selected group of Registered and non-registered builders to discuss those builders' views of Warranty and to hear their suggestions for improvement. The meeting would be informal and broken into three distinct groups - Registered Multi Family, Non-Registered Multi Family, and Registered Single Family, with each group meeting separately with the Committee.

Mr. Verge & Mr. Usher are to consolidate the comparative data of the other Warranty Programs.

MEETING JUNE 21, 1990

8:00 am, 8th Floor Conference Room, Program offices, to refine the meeting strategy with builders.

MEETING, JUNE 28, 1990

8:00 AM - 5:00 PM, 2nd Floor Conference Centre, Large Room, Program offices. Builders to be invited are:-

REGISTERED MULTI FAMILY

Fraserview Development Corp.
International Land Corp.
Molnar Group
Polygon Group
Quadrant Development Ltd.

REGISTERED SINGLE FAMILY

Chrisdale Homes Ltd.
Noort Development
Park Lane Ventures Ltd.
Trademark Developments Ltd.

NON-REGISTERED MULTI FAMILY

Cressy
Lucas Anderson
McLean Management

The meeting adjourned at 11:30 am.



MINUTES

MARKET STUDY TASK FORCE

June 28, 1990

Warranty Program Offices

PRESENT: D. Babalos M. Craigen T. Hackett R. Miller
 W. Miller B. Usher D. Verge S. Smith

GUESTS: Andre Molnar - Molnar Group Rick Genest - Polygon Group
 Robert McKay - Quadrant Merlin Wick - Noort Development
 Gary Santini - Parklane Scott Cressey - Cressey Homes
 Keith Anderson - Lucas Anderson Construction
 Jim Morris - C.M.H.C. Murray McGill - M.I.C.C.
 Bob Draper - C.I.B.C. Rick Staehli - B.C.H.M.C.

The all day meeting which began at 8 am was arranged to hear first hand, from various industry individuals, comments about the Warranty Program - its coverages, its documents, its advertising and public relations; its service, and any other areas the attendees might wish to comment on.

The meeting was divided into 4 sections - Registered Multi Family Builders, Registered Single Family Builders, Non-Registered Multi Family Builders, and Support Groups.

An informal open discussion was encouraged. The participants came well prepared with their comments and ideas for improvement and for the most part, it would appear the support of Warranty is there, but some major changes must take place for that support to continue.

A list of the participant comments was made for the Task Force to review at the next meeting which is scheduled to take place on July 5.

The meeting adjourned at 5 pm.



MINUTES

MARKET STUDY TASK FORCE June 21, 1990 Warranty Program Offices

PRESENT: D. Babalos R. Miller D. Verge S. Smith
 T. Hackett W. Miller B. Usher

ABSENT: M. Craigen

A summary of past meeting conclusions was distributed and reviewed. It was decided that industry "support groups" should be added to the June 28 meeting. This group should consist of CMHC, MICC, BC Housing Management Commission, CIBC and Elaine Duvall to represent the co-ops.

JUNE 28 MEETING

- a) Objective: How can we better serve you?
- b) The meeting is to be informal to encourage open and frank discussion.
- c) To avoid being bogged down in discussing Strategics report, it was agreed that anyone showing interest will be offered a copy of the report which will be forwarded to them following the meeting.
- d) It was considered important to have not less than 3 non-registered builders in attendance at the meeting.
- e) To maintain a focus at the meeting, a list of questions was prepared (list attached).

GENERAL

1. Discussion was held on the possibility of retaining the services of a 'facilitator' who may assist in establishing strategic priorities and specific actions to be taken. The firm of Barry Goodwin & Associates submitted an outline of their services and offered a complimentary 3 hour session. It was decided that such a service was not required at this time, however it may be a possibility a little further down the road.

2. Mr. Usher is to prepare a synopsis of other U.S. and Canadian warranty program coverages and submit this to the Committee prior to the July 5 meeting.

.....Cont'd

Task Force -2- June 21, 1990

SCHEDULE OF MEETINGS

June 28 8:30am With builders. 4 sessions.
 8-9:30 with Registered Builders, Multi
 10-11:30 with Registered Builders, SF
 11:30-1 lunch
 1-2:30 with non-registered, Multi
 3-4:30 support group

Notes from this meeting are to be faxed to Task Force by June 29 for their review prior to the next meeting.

July 5 8:30- Analysis and Compilation/Preliminary
 1:00 Recommendations (Working Lunch)
 Committee to come with 5 recommendations
 as a result of notes from June 28
 meeting.

July 12 8:30 Actuarial results and review of same.

July 26 8:30 Review all results and prepare schedule of action to
 be taken.

A further schedule of meetings may be required prior to the September 29 Board Meeting.

DRAFT OF PERTINENT QUESTIONS FOR JUNE 28 MEETING

1. What do you feel about Warranty in general? (Illicit positive and negative feelings)
2. Is it useful, necessary or helpful for you as a builder? to your consumer? to your lender?
3. Why did you become a Registered Builder? / Why did you drop out?
4. In general, what would you like to see changed?
5. In general, what could we do better?
6. How do you like dealing with Warranty staff on a regular basis?
7. How do you feel about the Builder Rating system?
8. How do you feel about the Program's dispute handling process? Have you used it?
9. Would you like to see the Program consider a separate product for high density projects? What should it encompass?
10. Should there be separate coverage for co-op projects?
11. What do you think of Registration fees? Enrollment fees?
12. What do you think of the \$ value of coverage limits? Deposit Coverage, Workmanship & Materials, MSD, Relocation allowance?
13. What do you think of the time limits of Warranty?
14. What do you think of Warranty's advertising? Have you heard the radio ads? Have you considered them a benefit to you? How do you think the consumer rates the ads?
15. Do you use the Warranty "point of sale" promotional materials?
16. In general, how important do you think Warranty is in the scheme of things?



MINUTES

MARKET STUDY TASK FORCE

July 5, 1990

Warranty Program Offices

PRESENT: D. Babalos T. Hackett R. Miller W. Miller
 B. Usher D. Verge S. Smith

ABSENT: M. Craigen

The meeting began at 8:30 am to compile, combine and condense all the information learned from the review of the Market Study and from conversations with various groups.

Key issues were listed as

- | | |
|---------------|----------------------|
| 1. Objectives | 2. Product |
| 3. Marketing | 4. Board Composition |

with many sub issues listed under these categories. The lists will be reviewed by the Committee, and at the July 12 meeting the preparation of an action plan will begin, which will ultimately be presented to the Board of Directors for consideration.

The first items on the July 12 Agenda will be the review of an actuarial study prepared by MH Financial Consultants and a review also of comparative coverages by other warranty programmes in Canada and the U.S.A.

The meeting adjourned at 12 noon.



MINUTES

MARKET STUDY TASK FORCE

July 12, 1990

Delta Airport Inn Resort

PRESENT: D. Babalos R. Miller W. Miller
B. Usher D. Verge S. Smith
M. Craigen F. McCreath (MH Financial Consultants)

ABSENT: T. Hackett

ACTUARIAL REVIEW

Mr. Verge introduced Fred McCreath, C.A., whose Warranty experience goes back to the beginning in 1976-77. Mr. McCreath has subsequently been involved with actuarial studies for several Warranty Programs and he has extensive knowledge of various international warranty corporations.

The purpose of the study presented by Mr. McCreath is to look at the possibility of changing coverages and how this will affect costs to NHWP. Mr. McCreath explained that the projections are based on an accepted formula used by all Canadian Warranty Programs and is a conservative approach.

The risk of increasing Deposit coverage is the hardest to predict as it is the area with the least amount of activity and historical data. The B.C. Program has had only 30 deposit losses with all of them taking place within the last 5 years.

A discussion took place on coverages and claims data for other Warranty Programs, however in the end it would seem this information is of little assistance to BC's decision as the data is incomplete and the coverages vary greatly from area to area. Also, over the years the coverages have changed drastically which makes some of the figures irrelevant.

In 1987, Mr. Verge attempted to prepare a standardized international reporting form however only 2 warranty corporations responded. In the areas where there are competing programs, information exchange is very restricted.

A discussion was held on NHWP being prepared for a catastrophic loss and it was agreed that the clock is always running. It was noted however that the Program has no liability for natural phenomenon (e.g. earthquakes) but indeed there are enough other possible high cost events, beyond Warranty's control, which could take place and affect the figures.

.....Cont'd

From Mr. McCreath's report it would seem any of the three proposed coverage scenarios would not require a fee increase to the builders.

Before the Task Force makes any decision on increased coverage, Mr. McCreath was requested to submit reports as follows-

- a) show affect on present budget if enrollment fees are reduced 5%, 10%, 20%. Is it likely this would require increase in multi enrollments?
- b) superimpose 25%MSD & 15%NM increase in frequency and severity and note affect on historical claims.
- c) provide comparison of single family -vs- multi family claims, based on present data.
- d) show affect on current reserves.

COMPARATIVE WARRANTY PROGRAM COVERAGES

Mr. Usher gave an overview of other program coverages which had been previously circulated. It would appear that the common element amongst the competing U.S. programs is that MSD covers the whole product and that liability is transferred to the program from day one.

It was noted the 2-10 program has grown rapidly and it is felt this is because they are not affiliated with any association, thus being less restricted, and that they offer more enrollment options to the builder.

Mr. Verge stated that he had requested a list of the major builders who belong to HOW, based on a current published list of the top 100.

GENERAL

1. Mr. McCreath advised that NHWP should be cautious about the wording of Deposit Coverage should the B.C. government follow through with revisions to the Condominium Act. NHWP current coverage is for earnest money to bind a contract and any new wording provided by the Condominium Act may be more all encompassing.

2. Consideration should be given to Completion Coverage, to a maximum of \$1500. It was requested that Mr. Verge provide a report on this item.

ACTION PLAN

A brief discussion took place on the Objectives and Product Enhancement portion of the Action Plan. It was requested that Mr. Verge provide a new Definition of Builder for the next meeting. More in depth discussion will take place at the next meeting.

.....Cont'd.

FUTURE MEETINGS

Jul 26, 1990	Delta Airport Inn	11:30 - 3:00
Aug 2, 1990	NHWP Offices	1:00 - 4:00
Aug 9, 1990	NHWP Offices	8:30 - Noon

The meeting adjourned at 1:00 pm.



MINUTES

MARKET STUDY TASK FORCE

July 26, 1990

Delta Airport Inn Resort

PRESENT:	T. Hackett	R. Miller	S. Smith
	W. Miller	B. Usher - Chairman	F. McCreath - MH Financial Cons.
ABSENT:	D. Babalos	M. Craigen	D. Verge

The meeting was called to order at 11:30 am with Brian Usher acting as Task Force Chairman in the absence of Tyke Babalos.

Mr. McCreath reviewed further actuarial studies based on Task Force requests made at the July 12 meeting.

Based on current fees and current coverage, it was noted that with a worst case scenario of a combined 25% increase in frequency and severity of Major Structural Defect claims, NHWP has adequate reserve funds in place.

Discussion was held on new claims data Mr. Mc Creath had received from the American 2-10 program, but the conclusion was that the data was questionable and not relevant to any Task Force decisions.

In reviewing historical data on BC's claims frequency and severity, which produced an average cost per claim on multi family of \$432., it was noted that this low figure could perhaps be misleading. The bulk of multi family unit enrollments began in 1987 and these, along with subsequent multi enrollments are still at risk.

A budget comparison using a proposed revised fee schedule was discussed and it was requested that Mr. McCreath fax over the same comparison showing fees as -

(A)		(B)	2	(C)	
Single	287	Single	137	Single	287
Multi	100	Multi	100	Multi	125
Multi/Public	100	Multi/Public	100	Multi/Public	100

The next meeting is scheduled for August 2, 1:00 - 4:00 pm, NHWP offices.



MINUTES

MARKET STUDY TASK FORCE

August 2, 1990
Program Offices

PRESENT:	D. Babalos	R. Miller	W. Miller
	M. Craigen	B. Usher	S. Smith
ABSENT:	T. Hackett	D. Verge	

The meeting began at 1:00 pm.

Correction to July 26 Minutes, last paragraph, Column B should read
Single 237
Multi 100
Multi/Public 100

FEES

After reviewing MH Financial Consultants 'Proposed Fee Schedules' and the resultant estimated deficit of revenue over expenditures, the Committee decided not to make any decision on reducing fees at this meeting.

However, Mr. Babalos recommended that thought be given to maintaining current fee levels and more emphasis be put on PR work by visiting the builders on a regular basis. If the result of the PR work indicates that fees are a major problem, that might be the time for change.

This subject will be on the agenda for the next meeting.

ALLOCATION TO RISK RESERVES

Some discussion was held on the \$75 per unit allocation to the Risk Reserve Fund and the possibility of reducing this allocation. No decision was made.

COVERAGE

The Committee agreed to recommend that coverage be -

Term: 5 Years
\$100,000 per unit, with a maximum of \$2 Million on Multi
Deposit \$20,000

No Extended Coverage to be offered

Completion Coverage - no decision was made

DISCOUNTS

Volume Discounts & Low Complaint/No Claim Discounts were discussed at length. It was requested that the current policy on Volume Discounts be made available to the Committee prior to the next meeting. Several observations were made on creating a Low Complaint/No Claim discount but no decision was made.

GENERAL

With regard to a possible change in the Condominium Act as it relates to deposits being held in trust, it was suggested that vigorous lobbying be done to encourage the change with the view to deposit funds flowing through to the Registered Builder for his use.

It was requested that the following be prepared for the next meeting -

1. Definition of Builder as prepared by Mr. Kuhn.
2. Information on Completion Coverages be obtained from the Ontario and Quebec Programs.
3. Volume Discount policy.
4. Draft of revised Possession Certificate.

The next meeting is scheduled for 8:30 am, August 9, Program offices.



MINUTES

MARKET STUDY TASK FORCE

August 9, 1990
Program Offices

PRESENT: D. Babalos T. Hackett W. Miller
 M. Craigen R. Miller D. Verge S. Smith

ABSENT: B. Usher

The meeting began at 8:30 am.

VOLUME DISCOUNTS

The current formula was reviewed. It was requested that Management prepare a spreadsheet showing 1989 payouts; and showing the dollar effect on NHWP if the current formula was used, but being paid from the first enrollment instead of the quota; and include the same showing increased rebates of \$15, \$20, and \$35.

MULTI FAMILY FEE PAYMENT SCHEDULE

This is currently negotiable with Management. Normally the schedule is in increments of 1/3, but all fees for the project must be paid prior to first occupancy of the project.

DEFINITION OF BUILDER

Mr. Kuhn had submitted three definitions for consideration however, the Committee was not satisfied the possibility of misuse had been eliminated and referred the matter back to Legal Counsel.

NHWP DOCUMENTS

As was noted in a letter received from Mr. Kuhn, redesign of documents should be done in a careful manner because of legal consequences. When the Committee's final recommendations are approved, draft documents will be prepared.

COMPLETION COVERAGE

It was decided that no "formal" policy for Completion Coverage would be recommended. Instead it was recommended this item be considered an 'operating policy' with Management determining if a Homeowner complaint on deficiencies noted at closing justifies action by the Program. No \$ limit was established.

CONCILIATION & ARBITRATION

No changes were recommended. It was noted that Arbitration is governed by Provincial Statute and changes in this procedure are not within the Company's jurisdiction.

NEXT MEETING

Mr. R. Miller is to prepare a draft Task Force mission statement for review at the next meeting to be held on August 23, 8:30 am, Program Offices.



MINUTES

MARKET STUDY TASK FORCE

August 23, 1990

Program Offices

PRESENT: D. Babalos T. Hackett R. Miller
M. Craigen B. Usher D. Verge S. Smith

ABSENT: W. Miller

The meeting was arranged to review in depth the Task Force mission statement prepared by Mr. R. Miller.

No points of philosophy or intent were changed from that decided at previous meetings and the entire meeting was spent on fine tuning the report for presentation to the Board for their consideration at the Board of Directors meeting to be held on September 29, 1990.

It was agreed a copy of the recommendations would be distributed to the Board prior to the meeting so everyone would have the opportunity to digest the contents and be prepared for discussion at the Board meeting.

The Task Force agreed there was no need for further meetings prior to making its recommendations.



MINUTES

BOARD OF DIRECTORS EXTRAORDINARY GENERAL MEETING

29 September 1990
Dublin, Ireland

PRESENT:

D. Babalos	J. Boyde	D. Braun	B. Clarke
M. Craigen	W. Graham	T. Hackett	R. Haan
E. Kennedy	M. Kipot	J. Konrad	R. Miller
W. Miller	I. Nahrgang	K. Sawatsky	B. Usher
D. Verge	F. Whitbread	N. Ziola (Observer)	

-
1. The meeting was called to order by Chairman Brian Usher at 8:45am.
 2. Minutes of Board Meeting held 28 May, 1990 were presented by the Chairman and upon motion by Hackett/Haan, the Minutes were approved as presented.
 3. The Chairman introduced the special topic for the meeting, the Task Force report titled "New Home Warranty Positioned for the 90's", and the Task Force Chairman, D. Babalos, and asked Mr. Babalos to review the work of the Task Force and the details contained in the Task Force report.

The entire Task Force Report as amended and the 9 index items are to be part of the Minute Book permanent record.

Mr. Babalos introduced the Task Force report and reviewed the numerous meetings of the Task Force; the mandate given to the Task Force by the Board; the Strategic Development Services Limited report on surveys conducted in late 1989 and early 1990, and the observations and recommendations of the Task Force as contained in their report.

In discussing the detailed findings and recommendations certain amendments are to be considered as follows:-

a) Page 5, "The Standards Book", following discussion it was agreed that the Standards Book is to be made available to the Purchaser upon request.

b) Page 12, "Redesign Possession Certificate", amended paragraph to read in part....."the Possession Certificate shall be signed by the Purchaser and by the Builder when a unit is ready for occupancy". The last sentence to be eliminated.

Upon motion of Babalos/R. Miller, that the Board accept the recommendations of the Task Force as contained in their report as amended. Motion carried unanimously.

It was agreed that the date of implementation of recommendations contained in the amended Task Force report be deferred pending further discussion between the President, Chairman and Legal Counsel. The matter of implementation will be discussed again at the next full Board Meeting to be held in Vernon of 18 October 1990.

Mr. Babalos gave thanks to the members of his Task Force. Wally Miller, Robert Miller, Tim Hackett, Michael Craigen and David Verge. All members of the Task Force concurred with Mr. Babalos in extending special recognition to Sheila Smith for her work in assisting the Task Force.

4. The Chairman announced that the Residential Construction Institute of CHBA-BC, a Trust Fund created to provide funding for industry education and training, and to which funding had been provided by Warranty, had requested that the Warranty Board name two Directors to the RCI Board of Trustees. The term would for one year. Upon motion of Boyd/Whitbread, Robert Miller and Michael Craigen were appointed to represent the Warranty Board. Carried.

5. The President, David Verge advised of a meeting he had with Fred Bucci, President of UDI, on 12 September regarding the matter of UDI providing a letter of endorsement of Warranty to the BC Housing Management Commission. Although no letter of endorsement has been received as yet, Mr. Bucci was very positive in his remarks when advised of changes to Warranty which were to be submitted for Board approval. Mr. Bucci advised that he would take the request for a letter of endorsement to the UDI Board for their consideration at their next meeting. It was Mr. Verge's belief that UDI would provide the requested letter of endorsement.

6. The President was excused from the Board meeting at noon. The meeting continued in his absence for several more hours.

7. The Chairman adjourned the meeting at 2:30 pm.



NEW HOME
WARRANTY
PROGRAM OF
BRITISH COLUMBIA & THE YUKON
a division of PACIFIC NEW HOME SERVICES, INC.

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MINUTES

BOARD OF DIRECTORS EXTRAORDINARY GENERAL MEETING

October 18, 1990
Village Green Inn
Vernon, B.C.

PRESENT:

J. Boyde	D. Braun	B. Clarke	W. Graham
T. Hackett	R. Haan	M. Kipot	J. Konrad
W. Miller	I. Nahrgang	K. Sawatsky	B. Usher
D. Verge	R. Kuhn, Legal Counsel	S. Smith, Recording Secretary	

ABSENT:

D. Babalos	M. Craigen	E. Kennedy	R. Miller	F. Whitbread
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The meeting was called to order at 9:30 am by Chairman Brian Usher.

MINUTES

M/S/C W. Graham/J. Konrad

.....that the Minutes of the September 29, 1990 meeting be adopted as circulated.

IMPLEMENTATION OF TASK FORCE RECOMMENDATIONS

Mr. Kuhn opened the discussion by advising the Board that any product currently under litigation is of serious consideration when discussing implementation of new product and coverage and also when discussing the possibility of making new coverages retroactive to all units still at risk. (grandfathering)

Mr. Kuhn further stressed the need for document changes and rewording to be done as a whole so there are no inconsistencies from document to document. All components must be integrated, including any new documents such as the 'walk-thru' form being contemplated.

Mr. Kuhn expressed concern regarding the wording of the second paragraph on Page 15 of the Task Force Report. This item (i) refers to "apparent gross negligence" on the part of a builder and Mr. Kuhn advised that it is unlikely that all the facts would be known in advance which makes it difficult to decide what position to take (for or against the builder). [Case in point would be the Green Gables project in Ladner where it appeared in the beginning that the Builder was at sole fault, but further investigation showed that the architect and others may be partially responsible.]

In discussion that followed Mr. Verge pointed out that with the new 'walk-thru' document, the term Patent Defect may require a new definition.

Considerable discussion was held on "grandfathering" all new coverages.....should it be retroactive?.....should it be effective on Date of Possession?.....should it be effective on new enrollments as of a certain date?.....should it apply to outstanding claims?.....should it start tomorrow? When all the pros and cons had been considered the following motion was made -

M/S/C J. Konrad/T. Hackett

.....that implementation date of the Task Force new coverages be January 1, 1991.

M/S/C W. Miller/R. Haan (Against: B. Usher, I. Nahrgang)

.....that the new coverages apply to new enrollments only as of January 1, 1991.

NEW DOCUMENTS

M/S/C W. Graham/M. Kipot

.....that the effective date of all new documentation be January 1, 1991.

Staff was directed to prepare the new documents, in consultation with Legal Counsel, and make a presentation to the Board for approval. The documents involved are -

Agreement With Builder
Builder Registration Criteria
Builder Renewal Documents
Walk-thru document
POS material

Possession Certificate
Builder Registration
Limited Warranty Certificates
After Sales Service Request

Other areas requiring restructure are -

Awards formula
Realignment of Claims Handling

Volume Discount
Procedures

PROMOTION

It was agreed that marketing strategy be planned in concert with the document changes.

CHANGES TO STRUCTURE OF BOARD OF DIRECTORS

It was pointed out that any changes to the NHWP Board of Directors (Page 18 of Task Force Report) must be made by a Shareholders Resolution.

It was agreed that Mr. W. Miller would give Notice of Motion at the CHBA-BC Board of Directors meeting to be held on the afternoon of October 18, 1990.

NATIONAL WARRANTY COUNCIL SUPPORT OF NHWP OF SASKATCHEWAN

At the September National Warranty Council meeting it was disclosed that the Saskatchewan Program is suffering a severe decline in enrollments and income. Their reserves are depreciating; fees have been increased; and other restraints have been put in place.

The possibility of assistance in the form of financial support or even merger was discussed by the NWC. In reviewing the situation, the following motion was made -

M/S/C M. Kipot/D. Braun

.....that NHWP - BC & Yukon will review any request for financial support received from the NHWP of Saskatchewan.

The intent of this motion is to send a strong message to Saskatchewan NHWP that B.C. has discussed the business problems they are experiencing. The B.C. Board recognizes the peril to Warranty in Canada should Saskatchewan NHWP fail; adverse public opinion, critical government review alleging industry non-support; the possibility of enquiries in areas of Warranty funding and underwriting, etcetera.

The motion is intended to show B.C. concern and support of Saskatchewan NHWP and in no way creates a commitment to provide financial support, now or in the future. B.C. would however be committed to review the question of support if and when Saskatchewan's position required it. Presently Saskatchewan is looking for family (Warranty industry) support, not funding. The motion as approved should demonstrate to Saskatchewan that B.C. is with them.

It was further requested that Staff write the other Warranty Programs indicating B.C. support of Saskatchewan.

FIFTH INTERNATIONAL HOUSING & HOME WARRANTY CONFERENCE

Mr. Usher advised that the allowance for this conference would be increased by \$200 to compensate for the additional 1 night accommodation required.

PRESENTATION

Mr. Usher thanked Barrie Clarke for his service on the Board and presented him with a Director plaque.

TRANSFER OF GAVEL

Mr. Usher welcomed Wally Miller as the new Chairman for the 1990-91 term and turned the chair over to him.

NEW BUSINESS

Mr. Miller presented Brian Usher with Director and Chairman plaques and expressed sincere thanks to Brian for a job really well done.

SPONSORSHIP OF MASTER BUILDERS AT CHBA PROVINCIAL CONFERENCE

It was requested that consideration be given to reinstating the policy of paying the Registration Fee of Master Builders to the provincial convention.

Mr. Verge pointed out that with declining business activity this year several restraints were implemented with Master Builder registration fees being one area.

OUTSTANDING POSSESSION CERTIFICATE LETTERS

Mr. Kipot requested that Management review the policy of reminding builders of outstanding Possession Certificates. Mr. Kipot personally finds the procedure antagonistic.

UDI FUNDING

Mr. Miller assured the Board that any future funding to UDI would be a full Board decision and not one that will be made by the Executive Committee on its own.

NEXT MEETING

The next Board of Directors meeting will be at the Call of the Chair.

ADJOURNMENT

The meeting adjourned at 11:55 am.



MINUTES

BUDGET REVIEW COMMITTEE

January 9, 1991
Program Offices

PRESENT:	W. Miller	T. Litster	D.C. Verge
	R. Miller	D. Babalos	R. Wood
			S. Smith

The meeting was called to order at 9am to review the 1991-1992 Proposed Budget.

The sixth draft of the Proposed Budget was presented for discussion prior to presentation to the Board of Directors with the following recommendations -

- a) the budget be presented indicating three columns - pessimistic/realistic/optimistic. It was agreed that a realistic home enrollment figure would be 7000 for the coming 12 month period.
- b) because of the uncertain economy and market conditions, the budget be considered an Interim Budget for a six month period with a review recommended in June 1991.
- c) reference to UDI and RCI on page 8 should be highlighted by ** and a notation indicating that any consideration of additional funds will be considered half way through the year.
- d) the page titled Statistic Review would be included with the budget presentation and this page would be clarified with some editorial.
- e) the most significant change in the budget preparation is the reduction of \$15 per unit to the Risk Fund. This figure is to be applied to the newly created Marketing Department which was a direct result of the Task Force recommendations accepted by the Board.

It was announced that the Board meeting has been arranged for February 8 and no additional Budget Committee meeting would be required prior to that date.

The meeting adjourned at noon.

MINUTES

FINANCE/AUDIT COMMITTEE BUDGET MEETING

JANUARY 22, 1992

6th Floor Conference Room
Vancouver

PRESENT:	T. Litster	I. Nahrgang	D. Verge	R. Moore
	R. Miller	R. Wood	B. Tweed	S. Smith

Prior to presentation to the Board of Directors, the Finance/Audit Committee held a final proposed budget meeting to review the state of the economy and consider any revised forecasts on housing starts for the coming year.

Considerable discussion was held on conducting a survey to measure the impact of marketing activities, and it was unanimously agreed that the item 'Surveys' in the Special Projects budget be increased by \$5000 for a total of \$7500.

All other items remained the same and the Proposed Budget, with the one revision, will be presented to the Board of Directors at the February 13, 1992 meeting.



MINUTES

NEW HOME WARRANTY PROGRAM OF BRITISH COLUMBIA & YUKON

BOARD OF DIRECTORS EXTRAORDINARY GENERAL MEETING

February 8, 1991
Delta Pacific Hotel
Richmond, B.C.

PRESENT:

D. Babalos	J. Boyde	D. Verge
D. Braun	M. Craigen	R. Moore
E. Kennedy	M. Kipot	R. Wood
J. Konrad	T. Litster	S. Smith
R. Miller	W. Miller - Chairman	R. Kuhn
I. Nahrgang	K. Sawatsky	
F. Whitbread	N. Ziola	
J. Zuk	B. Usher	

ABSENT:

T. Hackett R. Haan

The meeting was called to order at 8:45 am by Chairman W. Miller.

In his opening remarks Mr. Miller announced the resignation of Willis Graham and it was noted that the Board wished Mr. Graham well with his trying business problems.

Mr. Ted Litster, President of CHBA-BC and Mr. John Zuk, Vice President of CHBA-BC were introduced as new members to the Program Board of Directors and a return welcome was extended to Neil Ziola who has been reappointed by GVHBA.

MINUTES

M/S/C R. Miller/K. Sawatsky

.....that the Minutes of the October 18, 1990 meeting be adopted as circulated.

SHAREHOLDER RESOLUTION

Mr. Miller announced that CHBA-BC had passed a resolution in keeping with the Task Force recommendation, to add to the NHWP Board of Directors, 1 Director at Large who is specifically to be a representative from the multi family community; and to add the Immediate Past Chairman as a Director.

This resolution is effective immediately and Mr. Brian Usher was welcomed to the Board to serve as Past Chairman for the coming year.

Mr. Miller commented that the Task Force suggestion to have a 5 year mandatory retirement for Directors was not approved by the Shareholder (CHBA-BC).

1991-92 PROPOSED BUDGET

The budget presented included actual figures starting with the year 1987 which allowed for a clear comparison while discussing the current figures. Mr. Robert Miller discussed in detail each page of the budget and answered questions from the floor as he went along. The following are highlights of the presentation -

- Forecast enrollments of 7000 are based on what is considered a realistic objective.
- NHWP market share has been declining since 1987.
- Cost per enrollment will be up because of the increase in Special Projects and the development of a Marketing Department.
- It is to be expected that in poor economic times Operations expenses increase.
- Marketing Department figures are not absolutes but the bottom line figure is commitment to becoming more market driven.

- Special Projects will be reviewed in 6 months and a close eye will be maintained in relation to the economy. It was noted that the RCI contribution had actually been paid in advance during the 1990-91 year.

Q+ was a five year commitment made in the 1989-90 year and is reviewed annually. Mr. Litster advised that Q+ is undergoing a major redesign in an attempt to equal the huge success of the Power Smart programme.

- The Risk Fund will receive \$15. per unit less this year in order to finance the Marketing Department.

- In 1987 it was established that \$300 per unit should be maintained in the Risk Fund. Today that figure has reached \$170 and it was felt that good progress is being made to the ultimate safety goal.

- Homes at risk have increased 100% since 1985. It was noted that more homes were enrolled between 1985-90 than in the previous 11 years.

M/S/C

M. Kipot/T. Litster

.....that the 1991-92 Proposed Budget be adopted as presented.

NEW DOCUMENTS

Mr. Verge and Mr. Kuhn reviewed the new documents - Agreement with Builder, Possession Certificate, Completion Inspection Certificate.

Agreement with Builder - The major change here is in the Definition of Builder to allow flexibility for the more sophisticated corporate structures involved in housing construction.

Completion Inspection Certificate - This is new coverage with a newly created document. It was requested that the document be altered to include space for a Job No., and that the Purchaser name be listed first.

Possession Certificate - This document was refined to avoid any conflict between Purchaser and Builder at the time of takeover of the home. It was requested that the words "in writing" be added to the "For After Sales Service, Contact".....

The line referencing Section 7 to file a complaint is to be deleted.

Mr. Verge pointed out that the Limited Warranty Certificate had been streamlined so that it was easier to read and of course was revised to include all the new coverages.

M/S/C

M. Craigen/J. Konrad

.....that the documents be accepted as amended.

MARKETING MANAGER

Mr. Brian Tweed, newly appointed Marketing Manager, joined the meeting to be introduced and present a brief outline of his experience. He expressed his pleasure at joining the staff and looked forward to creating the strategy for the Marketing Department.

LEGAL UPDATE

Mr. Kuhn advised that there are 7 outstanding actions. Three of the actions are set for trial with NHWP as the defendant. Four are currently inactive.

The end cost for the Maple Ridge problems is estimated to be \$70,000 which is considerably less than originally anticipated.

Mr. Kuhn noted that there has been no material increase in actions over the past few years.

ADVISORY BOARD

Mr. Usher, Chairman of the Advisory Board advised that of the 11 organizations contacted to form such a Board, 7 have accepted.

IN CAMERA

The Board met In Camera from 12:30 - 1:15.

ENCO DEVELOPMENT

Following considerable discussion, the Board felt NHWP has a strong commitment to Enco's customers in light of the serious problems surfacing as a result of Enco's financial problems.

M/S/C

E. Kennedy/N. Ziola

.....that with regard to the Enco Development situation, Management should immediately critique incomplete unenrolled units and formulate a plan to resolve any issues and get back to the NHWP and CHBA Board of Directors for approval.

It was decided that 2 weeks would be the maximum to devise a plan of action.

M/S/C

B. Usher/M. Craigen

.....that the Executive of CHBA be empowered to make the decision on what to do about the Enco situation.

MARKETING STRATEGY

Mr. Verge stated that in accordance with the Task Force recommendations NHWP would become more market driven with the initial emphasis being put on contacting the builders. It was noted that by 1993, NHWP was targeting for 50% of market share of housing starts. A Strategic Marketing Plan was distributed.

It was agreed that Mr. Tweed would present a formal marketing strategy at the next Board meeting.

OPERATIONS REPORT

Mr. Moore reviewed his previously distributed written report and responded to questions from the floor. It was noted that NHWP now advises a builder of any letters of complaint received on MSD even although full liability has been transferred to NHWP from the Builder. It was felt that most builders would want to know about any letters of complaint regarding their company.

NEW BUSINESS

HARMONY HOMES - Mr. Kennedy submitted a letter from Harmony Homes with the request that Management investigate the problem.

QUADRANT DEVELOPMENT - submitted a letter requesting that NHWP consider the possibility of providing an extended warranty.

M/S/C R. Miller/J. Konrad (B. Usher opposed)

....that the President seek to investigate NHWP offering an additional warranty.

The meeting adjourned at 3 pm.

SCHEDULE OF MEETINGS - April 22, 1991- Marketing Strategy 9:00am
 June 10, 1991 - Annual General Meeting 9:00am
 October 2, 1991 - Provincial Convention 1:00pm
 (Whistler)



MINUTES

CONFERENCE CALL

BOARD OF DIRECTORS

Friday, March 22, 1991
11:00 am

PRESENT:

D. Babalos	J. Boyde	E. Kennedy
J. Konrad	E. Litster	R. Miller
W. Miller - Chairman	I. Nahrgang	K. Sawatsky
B. Usher	N. Ziola	J. Zuk
D. Verge		S. Smith-Rec Sec

ABSENT:

H. Braun	M. Craigen	T. Hackett
R. Haan	M. Kipot	F. Whitbread

The conference call was arranged specifically to deal with the previously distributed report "An Extended Warranty Against Major Structural Defects".

In accordance with direction given at the February Board meeting, Mr. Verge, in consultation with Mr. Fred McCreath, Actuarial Consultant, prepared and submitted a report in consideration of providing an extended five year optional MSD warranty through Registered Builders.

The report presented some general comparisons on international warranty corporations, with the notation that extended warranties have all been created since 1986 thus there is little historical data.

It was noted however, that considerable MSD occurrence data is available from those warranty corporations that have been providing 10 year warranties as a matter of course. In these instances, there is no indication that risk increases as the house ages.

During the discussion of the report, the following points were made:-

- The extended 5 year coverage would be available only through the Registered Builder.
- The builder can market the coverage as he sees fit, (i.e. as an automatic package from day 1 or offer it as an extension)
- The coverage must be in place at the original date of possession. It cannot be put in place at the end of the first 5 year term.
- The Purchaser cannot buy the extended coverage directly from NHWP as NHWP is not incorporated as an insurance company.
- Multi Family (stacked) units must be covered in entirety.
- The new coverage would apply to all units enrolled since January 1, 1990.
- It was decided not to establish a "retail rate" that Builders could not exceed when providing the coverage.
- The coverage should be included in the 1991 marketing plan.

M/S/C B. Usher/ E. Litster (Unanimous) (Messrs Craigen & Kipot
indicated their support in personal
calls to Mr. Verge)

....that the report "An Extended Warranty Against Major Structural Defects" be accepted and implemented as presented.

Mr. W. Miller thanked and commended Mr. Verge on the excellent presentation.

The Conference Call terminated at 11:50 am.



MINUTES

NEW HOME WARRANTY PROGRAM OF BRITISH COLUMBIA & YUKON

BOARD OF DIRECTORS EXTRAORDINARY GENERAL MEETING

April 22, 1991
Delta Pacific Hotel
Richmond, B.C.

PRESENT:

D. Babalos	J. Boyde	V. Verge
D. Braun	M. Craigen	R. Moore
J. Konrad	M. Kipot	B. Tweed
R. Miller	T. Litster	S. Smith
I. Nahrgang	W. Miller - Chairman	R. Kuhn
F. Whitbread	K. Sawatsky	
J. Zuk	N. Ziola	
	B. Usher	

ABSENT: E. Kennedy

The meeting was called to order at 9:10 am by Chairman W. Miller.

M/S/C J. Konrad/T. Hackett

.....that the Minutes of the February 8 meeting be adopted as corrected.

Correction: Page 6 New Business Item - Harmony Homes Should Read;

"Mr. Kennedy submitted a letter from a customer complaining about Harmony Homes, with the request that Management investigate the problem."

LEGAL UPDATE

Maple Ridge: The issues in Maple Ridge have been successfully resolved and there will be no further reports.

Green Gables:

Problem: Water seepage and damage as a result of defective waterproofing on stairwells and walkways; and walkways which sloped towards the buildings instead of away thereby causing water pooling and penetration to some of the residential units.

Conciliation: Gauvin commenced action to overturn the findings of NHWP's conciliation between Gauvin and the Strata Corporation which found Gauvin to be responsible and required that repairs be made within 90 days.

It is Gauvin's feeling that design faults are a strong issue in the situation and that others should be held responsible.

After many Settlement Meetings, a contract agreement was reached between Gauvin and the Strata Corporation, for a price of \$295,490, which does not constitute an admission of liability by any party.

An agreement was reached whereby NHWP loaned \$300,000 to the Strata Corporation for purposes of paying for the repairs. This was to reflect the fact that no repair work could be proceeded with unless funded by one of the Defendants. Only NHWP was willing and able to do so.

The repair work has now been completed (complaint on file since 1988) and NHWP is in the process of trying to recover the costs from various parties as outlined in Mr. Kuhn's comprehensive report.

ENCO DEVELOPMENTS LTD.

Mr. Verge presented a report on the demise of Enco Developments Ltd. as it relates to claims exposure to NHWP.

The report indicates that the only known exposure is the Chang residence on Yarrow Place, Burnaby, where Enco had received \$125,790 in funds but the value of work in place amounts to \$61,340., and liens against the property are \$68,264.

With encumbrances registered the Changs are unable to secure a mortgage to complete the construction of their home. In order to remove the liens, the Changs must post security in the entire amount of \$68,264., which they are unable to do.

Although the home was not enrolled, the Changs had been given a copy of a completed home enrollment form and therefore believed the home was properly covered by NHWP.

Based on this belief by the Changs, it was recommended that NHWP honor the deposit loss of \$20,000 and post a letter of security in the amount of +/- \$68,000 so that the Changs can obtain a mortgage to complete their home.

M/S/C

T. Hackett/D. Babalos

.....that the Board receive and adopt Management's recommendations regarding the Enco situation.

ADVISORY BOARD UPDATE

Mr. Usher reported that an Advisory Board meeting is to be scheduled prior to the June 10 Annual General Meeting and he will report back at that time.

MARKETING STRATEGY In his opening statement Mr. Brian Tweed reviewed some CMHC & NHWP projections for 1991 housing starts as opposed to actual starts in the first quarter. Figures indicate that CMHC has attained 54.8% of projection and NHWP has attained 33.3% of projection for that period.

Mr. Tweed noted that NHWP net builder registration is also on the decline and it was his opinion that bottom had not yet been reached.

Mr. Tweed reviewed his previously distributed 1991 Marketing Strategy. Lively discussion ensued on this department newly created within NHWP and the end result was agreement that the primary target is to increase builder registration, which would ultimately increase home enrollments.

Mr. Tweed pointed out that the various programmes presented in his report should be moving ahead simultaneously, with a high concentration placed on improving the NHWP image.

Speaking engagements have already begun and will continue. Workshops targeted toward builders are in the planning stage and will begin at the earliest possible time.

Following lengthy discussion the following motion was made -

M/S/C

J. Zuk/K. Sawatsky

.....that NHWP proceed with the concept of the Marketing Strategy as presented.

Co-op Advertising: Mr. Tweed advised that NHWP had been approached by Parklane Ventures to share 25% of a full page ad with the general theme being quality, security, workmanship. Mr. Tweed recommended participation and pointed out that the Warranty portion of the ad would deal directly about Warranty and would be designed to stand alone and could be used in conjunction with other co-op ads.

Considerable discussion took place as NHWP has not previously been involved in co-op advertising. It was agreed that the pilot project with Parklane should be entertained and evaluated.

M/S/C

R. Haan/M. Kipot

.....that the Board accept the concept of co-op advertising.

PAFCO INSURANCE COMPANY LIMITED

A copy of an ad from Alberta indicated that Pafco Insurance are offering a new home guarantee through their Pafco New Home Construction. Some coverages appear to be similar to New Home Warranty while other coverages appear to be pure insurance. Their coverage is being offered to builders under the banner "You now have an insured alternative."

Mr. Verge said this topic will come under discussion at the National conference in Montreal and he will report back.

It was announced that the next meeting is the Annual General Meeting and is scheduled for June 10, 1991.

Several of the Board indicated they would rather hold the Board meetings on a Tuesday, Wednesday or Thursday. Mr. Verge said this would be taken under consideration for future meetings after June 10.

The meeting adjourned at 3:10 pm.



MINUTES

NEW HOME WARRANTY PROGRAM OF BRITISH COLUMBIA & YUKON

BOARD OF DIRECTORS ANNUAL GENERAL MEETING

June 10, 1991
Delta Pacific Hotel
Richmond, B.C.

PRESIDENT:

D. Babalos
J. Boyde
D. Braun
M. Craigen
G. Fawdry
T. Hackett
R. Haan
M. Kipot
J. Konrad

T. Litster
R. Miller
W. Miller
I. Nahrang
K. Sawatsky
B. Usher
F. Whitbread
W. Ziola
J. Zuk

D. Verge
R. Moore
B. Tweed
R. Wood
S. Smith
R. McKinley
K. McArthur

AGENDA: E. Kennedy

The meeting was called to order at 9 am by Chairman W. Miller.

Mr. Miller announced with regret the resignation of Ed Kennedy who had served on the Board of 12 years.

Mr. Glenn Fawdry was welcomed as a new member to the Board representing the Kelowna Home Builders Association.

MINUTES

M/S/C T. Babalos/M. Kipot

.....that the Minutes of the March 22 Conference Call and the April 22 meeting be adopted as circulated.

ADDITIONAL TO AGENDA

a) Advisory Board report, b) Awards Review, c) RCI Report

AUDITOR'S REPORT & AUDITED FINANCIAL STATEMENTS

Mr. Reg McKinley of Henshaw Kjellbotn & McKinley reviewed the Financial Statements and responded to questions from the floor as he went along.

The following items were noted -

1. Due to a typographical error on Page 2 of the notes, a corrected copy of the Statements would be distributed.

2. The Board requested that in future, the allocation of the enrollment fees to shown in \$ rather than %.
3. The Board requested that Staff evaluate the need for an underwriting agreement with MICC. The Board feeling is that MHWP has sufficient funds in the Risk Retention fund.
4. Discussion was held on whether the present Risk Retention Fund should be deleted with all financing recorded under the one heading of Administration. It was noted that Alberta and Ontario do not operate with a separate Risk Retention fund. It was the general feeling of the Board that no changes be made to the Program's accounting procedures and that the Risk Retention Fund remain.

M/S/C

R. Miller/J. Konrad

.....that the Audited Financial Statements be adopted as corrected.

PRESIDENT'S REPORT

Mr. Verge reviewed his previously distributed Annual Report and it was noted that the repositioning of the Company was well underway with a new marketing department as well as new increased coverages.

Guarded optimism prevails as it relates to a economic upturn and increased enrollments. All levels of activity are being monitored and tested frequently to react to trends as they develop.

LEGAL UPDATE

Mr. Kuhn was unable to attend the meeting but did submit a written report on the outstanding Gauvin litigation. Application for a trial date has been made, however trial is not expected to take place until the fall of 1992.

ADVISORY BOARD MEETING

Mr. Brian Usher reported the inaugural Advisory Board meeting had taken place on May 30 with representation from the Government, Lenders Association, Real Estate Association, Consumer Association, CMHC, B.C. Housing Management Commission and the Canadian Bar Association.

Mr. Usher felt the Advisory Board representatives are enthusiastic and are supportive of Warranty's plans to reach the various audiences through workshops and seminars. Document language was discussed with the message being left that they could be a little more "user friendly" and a little less "legaleese".

The next meeting is scheduled to take place in the fall.

RENOVATIONS WARRANTY

A Warranty for renovations came under discussion and Mr. Verge reminded the Board that this topic had been reviewed extensively approximately a year ago and the matter had been referred to CHBA with the intent they conduct a survey and report back to Mr. Verge. To date CHBA has not reported back to NHWP.

Mr. Verge agreed to review the file on Renovations Warranty and provide the Board with the necessary information to make a decision on how to proceed from here.

INVESTMENT MANAGEMENT REPORT

Mr. Ken McArthur of Nesbitt Investment Management presented a chart indicating that the Program's investment had increased by 29.21% since Nesbitt took over the account 2 years ago.

Mr. McArthur indicated that interest rates are likely to drop by another 1% within the next 12-14 months. It appears there is adequate funding available but obtaining the credit is difficult and banks are maintaining a tough attitude.

MARKETING DEPARTMENT

Mr. Brian Tweed reviewed his previously distributed activity report of presentations and speaking engagements.

Five workshops (What's New With Warranty) are scheduled during the month of June and registration thus far is heavy. Mr. Tweed indicated that he would provide the Board with a full report on feedback from these Workshops. The current series of Workshops are directed to Builders and Realtors and Mr. Tweed indicated plans are being made to reach the lender and legal professions in the same manner.

Mr. Tweed noted that reports he is receiving indicate a lack of understanding of Warranty as the main reason for negative feelings, along with the perception that Warranty is not 'user friendly'.

The Parklane co-op ad was reviewed and Mr. Tweed indicated that Molnar was very interested in sharing in a Warranty ad. Mr. Tweed did stress that a co-op ad required more than just the use of the Warranty logo and the minimum requirement would be 25% of ad space.

The new corporate logo and brochure designs were reviewed. Favourable comments on the Workshop brochures (which were used as a pilot for the new image) were discussed. The following motion was made -

M/S/C

M. Kipot/T. Hackett

.....that the Board support the new corporate image and logo and the proposed byline "protection is our promise" be included when appropriate.

OPERATIONS REPORT

Mr. Moore reviewed his previously distributed report and it was noted that all levels of activity have increased in the Operations Department.

On the Builder Ratings section of the report, it was requested that in future numbers be used instead of percentages of the number of builders in the various rating categories.

AWARDS REVIEW

Mr. Verge reported that 2 builders have requested that the annual rating criteria be reviewed. Mr. Verge suggested that the Awards Review Committee reconvene and this suggestion was agreed to by Jake Konrad, Duff Braun, Ian Nahrgang and Tim Hackett. In preparation of a meeting, the current criteria is to be sent to the Committee and a meeting will be called.

RCI UPDATE

The RCI Trust Fund report was circulated for information purposes. In discussion that followed it was commented that RCI should operate solely off the interest generated by the fund, plus any donations that may come in. It was also felt that NHWP should receive more recognition on printed materials.

OFFICE SPACE

It was noted that NHWP's lease at Creekside Drive expires on March 31, 1993. Discussion included such options as purchase with space for lease to others, straight purchase, or leasing in a more appropriate facility. Management was directed to prepare a report with respect to our lease termination and their recommendations.

The meeting adjourned at 3:35 pm.

Awards (Rating/Performance) Review Committee
Vancouver
4 July 1991
Minutes

In attendance:

I. Nahrgang
T. Hackett
D. Verge

D. Braun
J. Konrad
R. Moore

The meeting commenced at 9:00 am, with Ian Nahrgang chosen as Committee Chairman.

Existing Rating and Performance review criteria had been sent to committee members prior to the meeting.

The committee members discussed the Board's direction to review the Awards/Rating Criteria and to revise where deemed appropriate. Considerable time was spent discussing philosophy behind the introduction of the rating program, and policies and procedures used in monitoring the Awards/Rating program. It was recognized that the existing criteria had been in place since February 1988, following a major review by committee in the fall of 1987, and that this review is timely and necessary.

The Committee reviewed in detail the existing Criteria and set out its recommendations as follows:

- a) Redesign and publish criteria in pamphlet form
- b) Make provision in criteria to note special concerns of high density (multi-family) builders.
- c) Clarify intent of performance award criteria - insert excerpts from Builder Agreement, where appropriate, to illustrate such things as requirement to enroll housing units and to complete documents on a timely basis, and to renew Registration contract.
- d) All Builders must "earn annual performance awards" pursuant to established criteria, and it is the possession of earned performance awards that enables a builder to move up the rating scale.
- e) There is no provision for "fast tracking" through the rating scale. A Builder may advance to the next higher level only upon meeting all of the requirements for that level.

../2

Awards (Rating/Performance) Review Committee
Minutes
July 4, 1991

- f) The amended criteria be implemented retroactively to 1 January 1991.
- g) Except in the case of "Master Builders", the ratings of builders shall not be given out nor made public.
- h) The committee discussed the matter of CHBA's RHP/CRB programs with the possibility of including the designations in the rating criteria some time in the future. It was noted that the education and training programs (courses) are undergoing changes at the moment. It was further noted that to include the CHBA designations in the Warranty rating criteria, would mandate membership in CHBA. It was the committee's consensus to defer further discussion on this issue until the next review.
- i) The committee recommended that CHBA & Locals be advised that the awards committee review is taking place and that suggestions or comments in writing would be welcomed. Upon receipt, the committee would meet again in early September, consider suggestions/comments prior to presenting final recommendations to the Board at its next meeting.

The Chairman adjourned the meeting at 12:30 pm.

MINUTES

NEW HOME WARRANTY PROGRAM OF BRITISH COLUMBIA & YUKON

BOARD OF DIRECTORS EXTRAORDINARY GENERAL MEETING

October 2, 1991
Whistler Convention Centre
Whistler, B.C.

PRESENT:

D. Babalos	T. Litster	D. Verge
J. Boyde	R. Miller	R. Moore
D. Braun	W. Miller	B. Tweed
M. Craigen	I. Nahrgang	S. Smith
G. Fawdry	K. Sawatsky	R. Kuhn
R. Haan	B. Usher	
M. Kipot	F. Whitbread	
J. Konrad	N. Ziola	
	J. Zuk	

ABSENT:

T. Hackett

The meeting was called to order at 1:15 by Chairman W. Miller.

MINUTES

M/S/C M. Kipot/T. Babalos

.....that the Minutes of the June 10, 1991 meeting be adopted as circulated.

LEGAL UPDATE

Mr. Kuhn provided a written report on outstanding litigations and reviewed each item verbally. The items still being processed are Gauvin, Van Wouw, Byrne/Adams, Dalway, Diebert, Geric. The estimated maximum claims amount involved is \$370,000 which was not considered excessive given the type of business Warranty is in.



OPERATIONS REPORT

Mr. Moore covered activities from Mar 1 - Aug 31, 1991. It was noted that complaints remain high; 738 builders are on register; and 3188 enrollments have been received.

Procedures have been put in place to survey builders whose registrations are lapsing with the intent to find out why a builder leaves the Program.

Claims recovery (on first year claims) remains good and every effort will continue in this area.

A slide presentation was provided by Mr. Moore showing various complaint and claims investigated by the Program Inspectors. In contrast to the written reports, the slides had quite a visual impact on what the Operations Department faces on a daily basis.

AWARDS REVIEW COMMITTEE REPORT

Mr. Nahrgang, Chairman of the Review Committee discussed the previously distributed report noting that in the review, it was recommended that provision be made for special concerns of high density builders; clarification and reinforcement of the intent of performance award criteria should be stressed; performance awards must be "earned" and there will be no 'fast tracking' through the scale; new criteria should be implemented retroactively to January 1, 1991; the only ratings to be made public will be the Master Builder.

For the time being it was recommended that CHBA's RHP/CRB programmes not be included in Warranty ratings.

All Local Associations were asked for their input into the Warranty rating criteria. However it was noted that no responses were received.

It was also recommended that the rating criteria be produced in pamphlet form and distributed to all Registered Builders.



Following considerable discussion, the following motion was made -

M/S/C B. Usher, J. Zuk

.....that in the A category, reference to the word 'successive' be deleted.

M/S/C B. Usher/R. Miller

.....that in the C category, the last sentence read -

A Builder rated in Category C will be eligible for promotion into B category only at such time that he has complied with the requirements of the B category.

M/S/C I. Nahrgang/M. Craigen

.....that the Awards Review Committee Report be adopted as amended.

MARKETING DEPARTMENT REPORT

Mr. Tweed reviewed his report noting the June Workshops drew a total of 211 attendees (realtors and builders).

The ensuing September Workshops were also well received and activity is already underway to provide Lender groups with similar presentations.

Radio and TV advertising has begun and tapes of these were presented to the Board. A direct mail campaign is underway, to both de-registered builders and to non-registered builders to encourage them into Warranty.

The new logo and image is being well received and with the exception of one or two minor items, all materials are now in stock. The new posters, signs and promo umbrellas were displayed at the meeting.



Discussion was held on attaining the budgeted enrollment figure of 7000 and Mr. Tweed wished to go on record as stating he felt that Warranty would exceed this figure and that the level of enquiries through the office has already increased.

Mr. R. Miller requested that the goals originally set for the Marketing Department be reviewed. Are they realistic? Is the timing good? What can we expect as a share of the market?

OFFICE SPACE

Mr. Verge reviewed the Program's cramped office space especially since the inception of the Marketing Department. He advised that an additional 900 Square Feet had become available across the hall from current premises. It was noted that the present lease does not expire until March 31, 1993 and that terms for the additional space could coincide.

M/S/C

R. Miller/K. Sawatsky

..... that the President be empowered to acquire the additional 900 SF of office space at a similar rate of rent.

MICC/NHWP AGREEMENT

From his distributed copy of a letter to MICC, Mr. Verge pointed out the importance of the Agreement currently in place with MICC as it relates to the Provincial Superintendent of Insurance. Without this agreement, such as the case in Alberta, Warranty could possibly find itself in a defensive position to prove that Warranty is not an insurance company.

Mr. Verge recommended that the Agreement be retained and to this end negotiated a new premium at a rate of \$0.10 per unit as opposed to the previous rate of \$0.30. The Risk Fund must not contain less than \$7 Million or the rate will revert back to the \$0.30.

Mr. Verge was commended on his negotiations with MICC.



TRANSFER OF GAVEL

Mr. W. Miller expressed his thanks for the Board's support during his term of office and turned the Chairmanship over to Ted Litster.

Mr. Litster's first task was to thank Mr. Miller for his many contributions and dedication and to present Mr. Miller with a plaque and gift in appreciation.

NEW BUSINESS

Appointment of Treasurer

Mr. R. Miller indicated that it is unlikely he will serve on the Board next year and it is his strong recommendation that a new Treasurer appointee be decided so that this person can work on the upcoming budget with the committee and have the opportunity to gain some insight prior to his appointment.

R.C.I. Report

It was noted that RCI is drawing upon its capital to keep its programmes running.

Discussion was held on the NHWP Board's level of comfort with this procedure; should long range financial contributions be considered; should RCI set a capital level that it cannot go below; should RCI live only off its interest.

Discussion ended with the recommendation that the Board subscribe to the philosophy that RCI/CHBA/NHWP are committed to the industry as a whole and they are a vehicle working as one, and that the NHWP financial support of RCI should be voted on annually.

M/S/C M. Kipot/D. Babalos

.....that Mr.W. Miller be reappointed as Warranty's Trustee to RCI.



Interim Financial Statement Review

A written report from Henshaw, Kjellbotn & McKinley indicating that the five month interim review of the unaudited financial statements found everything to be in order.

This review was put in place to ensure that outgoing and incoming Chairmen are comfortable in knowing that the financial slate is clean.

Investment Portfolio

A report from Nesbitt Thompson Management expressed disappointment in returns for the Program. This was due to lower interest rates. The return during the 12 month period ended August 31, 1991 was 17.20%. However since Nesbitt Management involvement in handling the portfolio the return has been 32.66%.

Course of Construction Insurance

A Reed Stenhouse (Insurance Brokers) report advised that they are now able to provide builders with a Third Party Liability Insurance along with the current Course of Construction insurance offered.

Printed materials are being prepared to indicate this new coverage to Registered Builders.

The Board questioned Reed Stenhouse's custom of providing CofC insurance in 9 month modules and wondered if it could be offered in 3 or 6 month modules.

Another question was whether a refund would be forthcoming from Reed Stenhouse if the policy was cancelled prior to the 9 month maturity. Mr. Verge agreed to investigate this.



CHBA Benchmark

Mr. Litster reported that CHBA is looking at cutting back on the Benchmark newsletter and is considering the possibility of producing videos and that perhaps Warranty could include a "construction problem" in the tapes.

Warranty Competitor

Mr. Kipot enquired about the competitive Warranty being established and Mr. Verge advised that nothing more has been heard and it is assumed it has died a natural death.

Prince George HBA

Mr. Nahrgang stated that PGHB is forming an ethics committee and requested Mr. Verge provide his expertise in this area. Mr. Verge agreed.

Advisory Board

In accordance with policy, Mr. W. Miller will now Chair the Advisory Board. The retirement of Mr. Usher was acknowledged with sincere thanks for his participation.

The meeting adjourned at 4:50 pm.



MINUTES

FINANCE/AUDIT COMMITTEE BUDGET MEETINGS

December 16 and December 17, 1991

Corporate Board Room

Vancouver

PRESENT: T. Litster	I. Nahrgang	D. Verge	R. Moore
R. Miller	R. Wood	B. Tweed	S. Smith

The two meetings were arranged to review and discuss the preliminary 1992-93 Budget prepared by management.

FORECASTS 1992-93

MICC & CMHC forecasts for housing starts in B.C. range from 29,000 - 35,000 units. NW predicts 28,000 and this figure is used as the budget base, with a reasonable expectation of 9,000 enrollments.

The Business Plan prepared last year indicated a percentage of market share at 1991 - 33%; 1992 - 42% and 1993 - 50%.

Given that the marketing campaign has been implemented for only a few months, it was recommended that the objectives be modified to 1991 - 28%; 1992 - 36%; 1993 - 42% and 1994 - 50%.

It was noted that a 28% market share is expected by the end of the 1993 fiscal year which is a considerable increase over previous years.

OPERATIONS DEPARTMENT STAFFING

It was recommended that allowance be made to hire an additional person as "Warranty Service Representative". This job would be varied to include spot inspections, monitoring of documents, delivery of point of sale material, complete service calls, etcetera.

It was further recommended that NW retain 2 part-time people (perhaps retired CMHC inspectors) for Vancouver Island and the Interior, who could perform such duties as Warranty inspections, complaint and claim investigations. They would also coordinate activities involving Operations and Marketing with builders and others in their areas, as assigned through Head Office.

COMPUTER ENHANCEMENT

Following almost an entire year of computer system difficulties, 2 unrelated consulting firms who assessed the system, determined the point of critical performance had been reached with both hardware and software.

Certain upgrades were carried out in an attempt to prolong the use of the old system, however it was determined that further upgrades did not justify the expense. Following extensive review, it was decided to proceed with the redevelopment of the customized database and installation of a networked system. The total cost is \$112,000 and will be leased over 5 years with monthly payments calculated at \$2200.

MARKETING STRATEGY

Mr. Tweed reported that all aspects of the marketing campaign are generating positive feedback. Several builders are anxious to participate in co-op advertising, in both the TV and written mediums; the Local Association Credit Note system has worked well and is recommended for next year; workshops will be specifically targeted to the lending community; and one-on-one contacts will be vigorously maintained.

RCI FUNDING

Mr. Bill Strain, Chairman of the Residential Construction Institute appeared at the December 17 meeting to present an RCI report along with a request for \$190,000 in funding for the 1992-93 fiscal year.

Considerable discussion was held regarding RCI's efforts to raise funding from sources other than NHB. Mr. Strain pointed out the difficulties of all levels of the industry seeking funding from the same sources. He recognized those who contribute "in kind" with time, supplies, etcetera but financing is what is needed most to continue the educational programs.

Mr. Strain noted that Unemployment Insurance is seriously considering paying educational course registration and travel costs for industry workers unemployed at the time courses are scheduled.

MMW expressed serious concern over committing funds based on projected enrollments rather than actual. Therefore based on 7200 enrollments for 1991, MMW will contribute \$45,000 to RCI which will represent its contribution for a six month period ended June 30, 1991. At the October 1991 Board Meeting, operations for the first 6 months of the fiscal year 1992 will be reviewed and any further contribution will be determined at that time.

Mr. Strain recommended that a MMW representative sit on the E&T Committee with the view to bringing Warranty expertise on construction problems for consideration in course content.

EXTENDED WARRANTY

Mr. Miller requested that a Page 10 be added to the Proposed Budget, indicating a separate account for deferred revenue from Extended Warranty fees.

BUDGET CONTROL

An analysis of the budget being considered, when compared to previous budgets and actual performance, shows clearly the level of control exercised in areas of spending and revenue operation.

BUDGET MEETING

The next and final budget meeting is scheduled for January 22, 1992 at 1:30 pm, in the Corporate Board Room.



MINUTES

Finance/Audit Committee Budget Meeting
January 14, 1993
Corporate Board Room

PRESENT: K. Sawatsky D. Verge R. Wood
 J. Zuk R. Moore B. Tweed
 L. Nahrgang S. Smith

The final budget review was presented in two formats; one with the status quo, and one with fee adjustments.

The fee adjustment recommended was -

		CURRENT	ADJUSTED
Registration		\$500	\$600.00
Renewal		\$250	\$300.00
Enrollments	A	\$235	\$258.50
	B	\$275	\$302.50
	C	\$295	\$324.50

AA and Master Builders will be exempt from any fee adjustments.

The fee increase, the first in 7 years, will allow for continued support of industry educational programmes and the ongoing Warranty awareness initiatives under the "market driven" philosophy created by the Board.

MSC K. Sawatsky/L Nahrgang

—that the foregoing fee adjustments be presented to the Board for their approval.

Extensive discussion was held on the vitally affected areas of the budget following a fee adjustment. Projected enrollments of 13,000 was maintained as a target.

MSC J. Zuk/K. Sawatsky

—that it is the Finance/Audit Committee's recommendation that the amended budget, with fee adjustments, be presented to the Board for their approval.

There being no further business, the meeting adjourned.



MINUTES

NEW HOME WARRANTY PROGRAM OF BRITISH COLUMBIA & YUKON

BOARD OF DIRECTORS EXTRAORDINARY GENERAL MEETING

February 13, 1992
Delta Pacific Hotel
Richmond, B.C.

PRESENT:

D. Braun	R. Miller	D. Verge
G. Fawdry	W. Miller	R. Moore
R. Genest	I. Nahrgang	B. Tweed
L. Grelish	H. Rebneris	R. Wood
R. Haan	K. Sawatsky	S. Smith
M. Kipot	F. Whitbread	R. Kuhn - Legal Counsel
J. Konrad	N. Ziola	
T. Litster	J. Zuk	W. Strain - RCI

ABSENT:

J. Boyde	M. Craigen	T. Hackett
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The meeting was called to order at 9:00 am by the Chairman, Mr. Ted Litster.

In a review of his recent Warranty related activities, Mr. Litster advised that the National Warranty Council meeting with the top lenders was considered very successful. The 27+/- lenders who attended the meeting responded with excellent questions and felt enlightened enough about Warranty to return to their respective offices to support Warranty through their branches.

The National Association of Home Builders conference was held in Nevada. This U.S. conference is one of the largest in North America with outstanding seminars and displays and is a worthwhile one to attend.

The Winnipeg CMA National Conference was well attended and Mr. Litster reported the seminars and workshops were well presented. While in Winnipeg, a National Warranty Council meeting was held where Mr. Litster was appointed Vice Chairman of the Council.

ADDITIONS TO AGENDA

The following items were added to the Agenda -

National Warranty Council Report
Strategic Development Report

MINUTES

M/S/C R. Miller/J. Zuk

.....that the Minutes of the October 2 meeting be adopted as corrected and that the Minutes of the December 10, 17 and January 22 Finance/Audit Committee meetings be adopted as circulated.

Correction to October 2 Minutes - Page 5
should read.....that Mr. W. Miller be
reappointed as Warranty's Trustee to UDI

INTRODUCTION OF NEW BOARD MEMBERS

Mr. Litster welcomed the following new Board members

Mr. Rick Genest, Polygon Group
Mr. Leigh Grelish, Trademark Developments & 2nd VP
CHBA-BC
Mr. Herman Rebneris, Cottage Grove Developments

INTRODUCTION OF NEW TREASURER

Mr. Litster announced that Mr. Bob Miller had advised that he would be retiring from the Board as of the Annual General Meeting and in his place as Treasurer, Mr. Ian Nahrgang has been appointed.

1992-93 PROPOSED BUDGET

The proposed budget was presented jointly by Mr. R. Miller and Mr. Nahrgang.

The budget was thoroughly discussed and the following are points of particular interest to the Board:-

- * Realistic base for the budget is 9000 enrollments. This figure was determined from projected provincial starts and the level of activity expected from the current and future MNW marketing strategy.
- * Marketing strategy to be intensified and continue to include workshops, seminars, meetings with builders and builder co-op advertising.
- * Additional staffing - a) Service Rep, b) part time clerical.
- * Computer enhancement to accommodate increased activity, and added tracking and reporting functions.

- * And immediate \$45,000 to RCI with a review in 6 months to consider a further contribution based on NHW's level of enrollment activity at that point.

M/S/C K. Sawatsky/M. Kipot (R. Genest opposed)

.....that the 1992-93 Proposed Budget be accepted as presented.

Mr. Litster complimented Mr. Miller on the presentation and extended thanks for his time spent in the preparation.

RCI TRUST BOARD

Mr. Bill Strain was welcomed to the meeting at this point and Mr. Litster extended congratulations to Mr. Strain's on his recent election to First Vice President of CHBA National.

Mr. Strain presented an overview of RCI and updated the Board on current activities. He pointed out that RCI had raised \$1 Million to date but were now using some of the capital to fund projects, rather than increasing their funding and being able to fund projects from the interest earned.

He pointed out that the BC RCI initiative is now being used as a model for other national industry educational trust entities. Mr. Strain stated that they are particularly proud of the successful apprenticeship program currently underway and their involvement with Employment & Immigration Canada in the "Career Ahead" programme targeted to high school students.

On behalf of RCI, Mr. Strain requested a \$150,000 contribution from New Home Warranty during the fiscal year 1992-93.

The Board decided that the Finance Committee should meet prior to the Annual General Meeting to consider the RCI request.

LEGAL UPDATE

Mr. Kuhn reviewed the outstanding Warranty legal issues. There are 6 outstanding settlements with an approximate total value of \$400,000. One claim in Ladner represents +/- \$300,000 of the total and is a complex issue which may yet take considerable time to settle.

OPERATIONS REPORT

Mr. Moore reported that complaints and claims during the past 10 month period are in keeping with the corresponding periods for the past 3 years. Builder registrations stand at 774 and enrollments of 6186 are in line with budgeted figures.

Comprehensive charts and figures on builders, enrollments, and claims by areas and categories were presented in written form.

Following his verbal overview of the written report, Mr. Moore presented a selection of slides depicting real construction complaint problems handled by the Operations Department on a daily basis. The slides were a stunning example of why Warranty is in place.

M/S/C

K. Sawatsky/D. Verge

.....that the moisture problems highlighted in the Operations presentation be referred to the Technical Advisory Committee of CHBA; CMHC; and UDI for their consideration.

A second set of slides shown by Mr. Moore indicated a lower mainland area with seriously questionable soils conditions. Because questionable soils are becoming more and more of a problem as ideal building sites are becoming scarce, considerable discussion was held.

M/S/Amended

K. Sawatsky/R. Miller

.....In recognition of increased risk to New Home Warranty arising from increased use of land having questionable soils bearing capacities, Management in consultation with its engineering and actuarial consultants, will immediately develop and implement such security requirements as may be prudent to minimize New Home Warranty's exposure to anticipated higher claim levels in terms of frequency and severity.

M/S/C

R. Miller/ F. Whitbread

.....In recognition of increased risk to New Home Warranty arising from increased use of land having questionable soils bearing capacities, Management in consultation with its engineering and actuarial consultants, will immediately develop and implement such security requirements as may be prudent, to a level consistent with exposure of stable soils, to minimize New Home Warranty's exposure to anticipated higher claim levels in terms of frequency and severity; such policy to be implemented on a discretionary basis.

MARKETING UPDATE

Mr. Tweed presented a report comparing the planned strategy with the action taken to date.

Realtor seminars have been successfully completed; meetings with a considerable number of builders have taken place with the view to recruiting their registration; and many speaking engagements at local CHBA association functions have fulfilled.

In addition to Mr. Tweed's personal activity, a TV campaign has been implemented, co-op advertising is being done with 3 of the larger Vancouver builders; and print advertising is being created.

Mr. Tweed stated that the Marketing Department is taking the initiative to create situations where Warranty can be presented and this attitude will be continued.

ANNUAL MEETING FORMAT

Mr. Verge suggested that in a break with past tradition, the 1993 Annual General Meeting might include a reception following the meeting with invitations being extended to lower mainland builders. The reception, of two hours duration, would give the builders the opportunity to meet the Board of Directors to express their concerns or counsel.

A second recommendation was that the Annual General Meeting rotate between Vancouver, Victoria and the Okanagan.

A third recommendation was that the Extraordinary General Meetings rotate among other centres such as Nanaimo, Prince George, Kamloops, Kelowna.

The Board agreed that these formats have merit and directed Mr. Verge to proceed with the necessary plans.

NATIONAL WARRANTY COUNCIL REPORT

A written report was circulated covering the National Warranty Council meeting of January 31 in Winnipeg. Highlights of the report were -

- Home Owners manuals are being revised in content and design. The new manuals should be ready mid summer.
- NWC is participating the New Homes Month nationally and financing for the participation will come from NWC treasury.
- Quebec Warranty advised that the Quebec Government has given assent to Bill 186 which would require Warranty on all residential housing and regulations flowing from the bill would set rigorous standards for the 2 competing warranty companies in Quebec. The Bill allows 1 year for the Warranty programs to comply.
- Alberta's competition is in the form of an insurance company - profit oriented - federally chartered - Pafco Insurance Co. Ltd. There does not appear to be a rush of builders to join.
- CHC have refused Pafco "approved status" as defined in the NHA. Approval would allow Pafco to operate without any obligation to contribute to industry initiatives. It is expected that CHC will maintain their stance unless policies are overturned by the courts or the NHA changes.

- * CMHC are working with the provinces to restore the requirement of Warranty on Public Housing projects covered by NHA.

STRATEGICS REPORT

In a recent issue of Strategic's Condominium Market Handbook, it was reported that overall, new condo projects with NHW coverage covered monthly sales rates 33% higher than projects with a builder's own warranty.

INTERNATIONAL CONFERENCE

The 5th International Housing & Home Warranty Conference will be held in the United States in 1993.

NEXT MEETING

The Annual General meeting will be held in June and the date, time and place will be announced later.

There being no further business the meeting adjourned



MINUTES

**Executive Committee Meeting
May 14, 1992
Corporate Board Room**

PRESENT:	Ted Litster, Chairman	David Verge	ABSENT:
	John Zuk	Rita Wood	R. Miller
	Ken Sawatsky	Clayton Cox (Auditor)	L. Grelish
	Ian Nahrgang	Sheila Smith	

AUDITOR REPORT

Clayton Cox of Henshaw, Kjellbotn & McKinley, Chartered Accountants, reviewed the draft copy of the audited Financial Statements for the year ending February 2, 1992.

In his opening remarks Mr. Cox noted that information provided to the Auditors was accurate and reliable and no adjustments are recommended in the way the statements are produced.

The notes have been revised to detail the Extended Warranty (Page 2, Item b).

It was requested that the Auditors provide a detailed explanation for the item on Statement Page 3....."Cash provided by changes in non-cash working capital items - net".

It was requested that the Auditors break out the Extended Warranty Funds in the Risk Retention (Statement Page 4).

All questions presented by the Executive Committee were answered satisfactorily by Mr. Cox and he agreed to provide the Committee's requests for the June 11 Board of Directors meeting.

After Mr. Cox's departure, Mr. Sawatsky requested that the Financial Statements be provided unbound, and 3-hole punched. He felt most Board members retained Warranty information in a 3 ring binder and this type of presentation would be easier.

BOARD AGENDA

The agenda and format for the Annual General Meeting was reviewed and approved. The AGM will take place in Vancouver, June 11 at the Hyatt Hotel, commencing at 10 am.

RCI TRUST BOARD

M/S/C K. Sawatsky/J. Zuk

.....that effective June 11, 1992, the Chairman and the President & CEO be appointed to represent New Home Warranty on the RCI Trust Board.

NATIONAL WARRANTY COUNCIL

National Warranty Council bylaws limit Warranty Program representatives running for office (Chairman) unless they are a) a current Board member of their respective Program and b) are a current Chairman or Immediate Past Chairman of their Program.

M/S/C J. Zuk/I. Nahrgang

....that the Chairman and the President & CEO represent B.C. New Home Warranty on the National Warranty Council, and further, if the Chairman pursues National Warranty Council office, his eligibility term will be extended to include the Past Chairman year. In that event, the current Chairman in office will be a third representative.

FEASIBILITY STUDIES

M/S/C K. Sawatsky/J. Zuk

.....that the President pursue feasibility studies leading to the development of working models for two new Warranty products - a) Renovation/Remodeller Warranty and b) Sub Trade partial Warranty. The recommendations to implement are to be presented to the Board of Directors prior to February 28, 1993. It was recommended the budget be increased by \$20,000 to cover this study.

OFFICE SPACE

Mr. Verge advised he is currently searching for new premises and will advise the Executive Committee just as soon as he finds something that may be suitable.

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Executive Committee Minutes
May 14, 1992

EDUCATION & TRAINING

Discussion was held on whether UDI might approach Warranty for funding and Mr. Verge stated that there is no reason to believe they will approach Warranty this year.

Mr. Verge noted that prior to the Fall Board Meeting , a review of our budgetary performance would be conducted and a decision made on a further contribution to RCI

There being no further business, the meeting adjourned.

NEW HOME

MINUTES

ANNUAL GENERAL MEETING

June 11, 1992

Hyatt Regency Hotel

Vancouver, B.C.

Present:

H.D. Braun	M. Craigen	G. Fawdry	D. Verge
P.R. Genest	L. Grelish	T. Hackett	R. Moore
R. Haan	M. Kipot	J. Konrad	B. Tweed
E.I. Litster	R. Miller	W. Miller	R. Wood
I. Nahrgang	H. Rebneris	K. Sawatsky	S. Smith
F. Whitbread	N. Ziola	J. Zuk	

R. Kuhn, Legal Counsel R. McKinley, C.A.

K. McArthur, Nesbitt Thompson R. Archibald, Nesbitt Thompson

The meeting was called to order at 10:00 am by Chairman Ted Litster.

AGENDA

M/S/C M. Kipot/L. Grelish

.....that the Agenda be adopted as circulated.

MINUTES

M/S/C T. Hackett/J. Konrad

.....that the Minutes of the February 13 and May 14, 1992 meetings be adopted as circulated.

CHAIRMAN

In his opening remarks, Mr. Litster thanked the members for the time they give serving on the Board of Directors. He also highly recommended the Directors familiarize themselves with the two booklets distributed.....Making Your Mark As A Board Member and the Articles of Incorporation.

AUDITOR'S REPORT

Mr. McKinley reported that all information provided to them for the audit was in order and they consider it to have been a "clean audit".

Page 2
Minutes - Annual General Meeting
June 11, 1992

Mr. McKinley commented to the Board that an interim, unannounced audit is conducted during the year and they have been consistently satisfied with the Company's record keeping and procedures.

Some discussion was held on the Company's "non-profit" status and the risks inherent in the transfer of funds to the Shareholders. Mr. McKinley stated that he is satisfied the Company is vigilant and respectful of the rules and regulations under Paragraph 149.1.1 of the Income Tax Act.

It was noted that \$40 of each Extended Warranty fee is allocated to the Administration Fund and used to defray development and marketing costs. The remainder of the fee is deferred and will be taken into revenue in years 6 to 10.

M/S/C K. Sawatsky/M. Kipot

....that the Audited Financial Statements to the Year ending February 29, 1992 be accepted as presented.

M/S/C L. Grelish/J. Konrad

....that the firm of Henshaw, Kjellbotn & McKinley be reappointed as Auditors for the fiscal year 1992-1993.

Mr. Verge commented that an Actuarial Report will be presented at the October Board of Directors meeting.

INVESTMENT PORTFOLIO

Messrs. Ken McArthur and Rod Archibald of Nesbitt Thompson Investment joined the meeting to review the Company's investment portfolio.

Mr. McArthur stated that investments continue to be in bonds and the total return in the previous year was 11%. Long Term bonds have been sold and a shortened maturity in the 5 year range is being maintained. It is his opinion that the current mix will maintain the Company's interest income.

For the future, Mr. McArthur predicts a further 3/4% drop in interest rates with an increase beginning the end of next year as the need for growth escalates.

M/S/C M. Kipote/H. Rahnoria

...that the Investment Portfolio report be accepted as presented.

M/S/C M. Kipote/H. Rahnoria

...that the firm of Nesbitt Thompson Investment Management be reappointed to manage the Company's investment portfolio for the fiscal year 1992-1993.

LEGAL REPORT

Mr. Kuhn reported there are 3 outstanding major claims (Gauvin, Bonaparte Indian Band, Edith Cavell). He noted that the issues with Gauvin are complicated and a quick resolve is difficult.

Mr. Kuhn further stated that every effort is made to settle claims out of court thus reducing expenses to the Company. He noted, however, there are times when the Company is enjoined with others and while some cases appear "frivolous", the Company has no option but to follow through.

Mr. Kuhn stated that the corporate records are in good standing with no deficiencies.

M/S/C M. Cragin/P. Withersal

...that Robert Kuhn and the firm of McCarthy Tétrault be reappointed Legal Counsel for the Company, for the fiscal year 1992-1993.

PRESIDENT ACKO REPORT

In an expansion of his previously distributed report, Mr. Verga noted the Company has exceeded 100,000 homes under warranty. The 100,000 homes was enrolled by Kingma Brothers of Chilliwack and some promotional activity will take place regarding this enrollment.

Mr. Verga reported a 100% increase in enrollments (Jan-May) over last year and the level of activity is currently continuing.

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Minutes - Annual General Meeting
June 11, 1992

Considerable pressure has been placed on the Company switchboard since the Marketing Department has been in place and the increase in incoming calls is spread through all departments.

CONDOMINIUM & REAL ESTATE ACTS

Mr. Verge reported that Clayton Research Consultants have been commissioned to conduct a study, the results of which would permit the Company to propose these Acts be amended to permit purchaser deposits to be underwritten by New Home Warranty rather than placed in third party trust. This amendment would allow builders of strata projects to have access to these monies as working capital.

The proposal thus far has received wide support and Mr. Verge stated that the Board of Directors will receive a copy of the final report as soon as it is available.

CONFIDENTIALITY OF BOARD REPORTS TO LOCALS

Discussion was held on a Director's responsibility of reporting Warranty activities to their respective CHBA Local Associations. It was noted that sometimes a Director has difficulty in determining what is considered confidential and what should be reported.

M/S/C I. Nahrgang/R. Ham (M. Kipot opposed)

.....that a precise of the Minutes be sent to each Director which would be used for reporting to the Locals.

OPERATIONS REPORT

Mr. Moore reviewed his previously distributed report. Congratulations were extended to Glenn Fawdry, Tim Hackett and Ian Nahrgang on achieving the status of Master Builder.

It was noted that Builder Registration stands at 812 and along with enrollments, builder applications have exceeded budget.

Operations staff has increased by 2. One Inspector will reside in Victoria and will work part-time on the Island.

There was considerable discussion of "water" problems in construction and the integrity of membranes. Mr. Verge stated New Home Warranty is very cognizant of this problem and is endeavouring to do something about it.

MARKETING DEPARTMENT UPDATE

Mr. Tweed reviewed his previously distributed report and was pleased to advise that the increased exposure over the past 9 months has not had an adverse impact on the number of complaints received.

Mr. Tweed announced the creation of an attractive catalogue which will be in distribution shortly. It is intended that the catalogue will make builders more aware of the many marketing items that are available to them.

A workshop has been designed for presentation at the Urban Development Institute in the fall, and Mr. Tweed said he is being pro-active to new opportunities.

RESIDENTIAL CONSTRUCTION INSTITUTE

M/S/C M. Kipot/H. Rebneris

.....that the Board ratify the motion made at the May 14 Executive Board Meeting, "that effective June 22, 1992, the Chairman and the President & CEO be appointed to represent New Home Warranty on the RCI Trust Board."

Mr. Verge noted that the current budget allowed for a contribution of \$45,000 to the Trust Fund with a provision that a review be conducted 6 months into the fiscal year, with the view to making a further contribution. Mr. Verge stated that he will make a recommendation to the Board and the October meeting.

NATIONAL WARRANTY COUNCIL REPRESENTATION

M/S/C W. Miller/T. Hackett

.....that the Board ratify the motion made at the May 14 Executive Board Meeting, "that the Chairman and the President & CEO represent B.C. New Home Warranty on the National Warranty Council, and further, if the Chairman pursues National Warranty Council office, his eligibility term will be extended to include the Past Chairman year. In that event, the current Chairman in office will be a third representative."

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FEASIBILITY STUDIES - Renovation & SubTrade Partial Warranties

M/S/C J. Konrad/G. Fawdry

.....that the Board ratify the motion made at the May 14 Executive Board Meeting, "that the President pursue feasibility studies leading to the development of working models for two new Warranty products - a) Renovation/Remodeller Warranty and b) SubTrade partial Warranty. The recommendations to implement are to be presented to the Board of Directors prior to February 28, 1993. It was recommended the budget be increased by \$20,000 to cover this study."

INTERNATIONAL CONFERENCE

Mr. Verge advised that the Sixth International Housing & Home Warranty conference is scheduled for October 17-21, 1993, in Washington, D.C.

PRESENTATION

Mr. Litster reluctantly acknowledged the resignations of Mr. Michael Craigen and Mr. Bob Miller who have served on the Board since 1984. A plaque was presented to each in recognition of their service.

ADJOURNMENT

The meeting adjourned at 4:00 pm.

MINUTES

BOARD OF DIRECTORS EXTRAORDINARY GENERAL MEETING

October 2, 1992
Ramada Renaissance Hotel
Vancouver B.C.

PRESENT:

H.D. Braun	G. Fawdry	R. Genest	D. Verge
L. Grelish	T. Hackett	M. Kipot	R. Moore
J. Konrad	T. Litster	W. Miller	B. Tweed
I. Nahrgang	K. Sawatsky	F. Whitbread	S. Smith
N. Ziola	J. Zuk		R. Kuhn

ABSENT:

R. Haan H. Rebneris

The meeting was called to order at 9:30 am by Chairman Ted Litster.

AGENDA

M/S/C T. Hackett/M. Kipot

.....that the Agenda be adopted as circulated.

MINUTES

M/S/C J. Zuk/W. Miller

.....that the Minutes of the June 11 meeting be adopted as circulated.

RISK MANAGEMENT REVIEW & ACTUARIAL STUDY

Mr. Fred McCreath, MH Financial Consultants reviewed the previously distributed Risk Management Summary (February 29, 1992). In his overview, Mr. McCreath pointed out that the B.C. Program is extremely data conscious; a policy set in place to ensure historical information is available for the preparation of analysis on future claims and to ensure that sufficient funds are on hand to meet all warranty obligations of the Company.

MINUTES

October 2, 1992

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Mr. McCreath further explained the purposes of the Risk Retention Fund and the Administration Fund. Particular emphasis was placed on the Risk Fund as this fund must be maintained at a set level to satisfy the reinsurer. The fund is established through a mixture of data including analyses of risk causes, generations of homes at risk, and cost factors to effect anticipated repairs.

It was noted that approximately 50% of all enrollments since inception are still at risk. Deposit claims remain low and there is insufficient historical data to establish a pattern. Major Structural Defect claims are increasing as are the cost of repairs.

Mr. Verge thanked Mr. McCreath for his presentation and further commented that several administrative efficiencies had been put in place to handle the anticipated 10,000+ enrollments expected during this fiscal year.

M/S/C

K. Sawatsky/T. Hackett

....that a Risk Management Summary be presented annually.

LEGAL UPDATE

Mr. Bob Kuhn, McCarthy Tetrault reported there were no significant changes to his last report. He spent some time explaining the complexities of the actions and cross-actions involved in the Ladner, Green Gables claim. A trial date has been set for November and claim costs are expected to be in the \$500,000 range. Mr. Kuhn stated that he continues to hope for an out of court settlement.

The question of builders "selling their numbers" was raised by Mr. Hackett. Mr. Verge responded that there are 3 known builders in Victoria and the matter is being investigated internally.

INTERIM FINANCIAL UPDATE

Mr. Ian Nahrgang reported that 74% of enrollment budget has been attained with a projection of 11,000 now expected. Revenues are up with expenses close to budget. The Extended Warranty (10 year) is not up to expectations, however this is being addressed by Marketing. Overall, Mr. Nahrgang reported the finances of the Company are positive.

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October 2, 1992

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RESIDENTIAL CONSTRUCTION INSTITUTE (RCI)

Mr. Nahrgang reported that \$45,000 has been paid to RCI thus far in the current fiscal year.

Discussion on education was held with several suggestions made to Mr. Leigh Grelish (Chairman of the E&T Committee). Mr. Grelish reported that courses have been expanded to meet the needs and that schools are being included with the Career Ahead programme.

It was pointed out during the discussion that RCI does not prepare nor does it conduct any educational courses. The function of RCI is to provide financial assistance to approved applications for the setup of industry educational courses.

M/S/C

I. Nahrgang, L. Grelish

.....that New Home Warranty advance funds to RCI on a schedule of \$20,000 on October 31, 1992; \$10,000 in December 1992; and \$25,000 in February 1993 (prior to year end); with the proviso that current levels of activity at NHW are maintained.

CONDOMINIUM/REAL ESTATE ACT PROPOSED AMENDMENTS

As a followup to the Clayton Research Study already distributed, Mr. Litster reported that he and Mr. Verge had met with Mr. Neil Muth, Finance Ministry Policy Director and Ms. Trish Richards, Department Policy Analyst. He stated that most of the meeting was spent enlightening the government representatives on the functions of New Home Warranty. Mr. Muth advised that the topic of amendments is likely to come up during the spring session.

RENOVATION WARRANTY

Mr. Verge reported he had met with Quebec NHWP officials to discuss their renovation warranty and was pleasantly surprised to learn this area of their business is viable and profitable. Next on Mr. Verge's reno agenda is to meet with HOW in the U.S. to gain some insight on their coverage.

MINUTES

October 2, 1992

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Mr. Verge clarified that he is looking at a 2 tier warranty - one with the General Contractor and one a single trades warranty. An extension of the current warranty is also being considered whereby a partial limited warranty would be provided. (e.g. - construction to lockup).

OPERATIONS REPORT

Mr. Ralph Moore provided a cursory review of his previously distributed report and responded to questions from the floor.

MARKETING REPORT

Mr. Brian Tweed presented a preview of the new corporate video which is intended for use in marketing presentations as well as for distribution to various audiences.

The video was well received and the following motion resulted.

M/S/C T. Hackett/I. Nahrgang

.....that \$12,000 be provided for extensive circulation of the new corporate video.

TRANSFER OF GAVEL

Mr. Ted Litster expressed his appreciation and thanks to the Board and Staff for their support during his chairmanship, and transferred the gavel to Mr. Ken Sawatsky, Outgoing President of CHBA.

Mr. Sawatsky's first duty was to present Mr. Litster with an appreciation of thanks and also to present Mr. Wally Miller with a plaque in appreciation of his service on the Board.

NEW BUSINESS

R2000

Mr. Hackett voiced his objection to R2000 standards being included in the Building Code and asked what Warranty could do. Mr. Verge explained that the Building Code is beyond the scope of New Home Warranty and is being dealt with by the National Building Code of Canada and the B.C. Building Code.

MINUTES
October 2, 1992
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UDI TRUST FUND

Mr. Ted Litster was appointed as New Home Warranty's representative on the UDI Trust Fund.

ADVISORY BOARD

As Past Chairman of New Home Warranty, Mr. Ted Litster will sit as Chairman of the Advisory Board.

RCI TRUST FUND

It was noted that the President (David Verge) and the Chairman (Ken Sawatsky) represent New Home Warranty on the RCI Trust Fund.

There being no further business the meeting adjourned at Noon.



MINUTES

Finance/Audit Committee Budget Meeting
December 17, 1992
Corporate Board Room

PRESENT:	K. Sawatsky	D. Verge	R. Wood
	J. Zuk	R. Moore	B. Tweed
	I. Nahrgang	S. Smith	

Mr. Verge opened the meeting with an overview of activity levels thus far in the current budget year. Enrollments are now projected at 11,000 to February 28, 1993, which is largely due to the marketing strategy.

Enrollments are in the 60/40 range in favour of multi family units which has been the target area in marketing. Mr. Verge noted that the company was founded on single family housing and a stronger presence in this market must be maintained. One of the difficulties being encountered is the growing incidence of "community built" housing, particularly in strong ethnic areas. This method of home building virtually eliminates the "merchant builder" in these local markets.

The Interim Financial Statements to November 30, 1992 were reviewed and show that expenses are under budget in the overall and with the increased enrollments, year end should provide a favourable picture.

The preliminary 1993-1994 budget was reviewed in detail and it was agreed projected enrollments of 13,000 for the budget year of 1993-1994 is a reasonable objective given the economic forecasts for British Columbia.

An extensive discussion was held on continued long term financial support of RCI and UDI educational programmes. It has been determined that these programmes cannot be funded at their current levels without increased revenue. It was noted that there have been no fee adjustments for seven years and a summary of revenue and expenses, with a fee adjustment, was presented for consideration.

The Committee will meet again for further discussion on the budget prior to the Board meeting scheduled for January 29.

NEW HOME

MINUTES

BOARD OF DIRECTORS EXTRAORDINARY GENERAL MEETING

January 29, 1993
Delta Pacific Resort & Convention Centre
Richmond, B.C.

PRESENT:

R. Genest	L. Grelish	T. Hackett	D. Verge
R. Haan	M. Kipot	J. Konrad	R. Wood
T. Litster	L. Nahrgang	H. Rebneris	R. Moore
K. Sawatsky	R. Stewart	F. Whitbread	B. Tweed
N. Ziola	J. Zuk		S. Smith
			R. Kuhn

ABSENT: D. Braun

VISITORS: Victor Setton - UDI Maureen Enser - UDI
K. Sashaw - RCI

The meeting was called to order at 9:00 am by Chairman Ken Sawatsky. In his opening remarks Mr. Sawatsky welcomed Richard Stewart, 2nd VP - CHBA, to the Board of Directors.

It was announced that Glenn Fawdry had tendered his resignation which was accepted with regret.

AGENDA

M/S/C J. Konrad/N. Ziola
.....that the Agenda be adopted as presented

MINUTES

M/S/C H. Rebneris/M. Kipot
.....that the Minutes of the October 2, 1992 meeting be adopted as circulated.

M/S/C M. Kipot/L. Grelish
.....that the Minutes of the December 17, 1992 meeting be adopted as circulated.

M/S/C H. Rebneris/L. Grelish
.....that the Minutes of the January 14, 1993 meeting be adopted as circulated.

RESIDENTIAL CONSTRUCTION INSTITUTE

Mr. Keith Sashaw reviewed the activities of RCI and some of the educational programmes presented by CHBA which were funded by RCI. It was noted that CHBA pioneered Education & Training in Canada and other CHBA provincial associations are using the BC format as a role model.

It was noted the Apprenticeship programme continues to be a high priority through the schools and that an illustrated Building Code Video is in the works.

In his summation, Mr. Sashaw requested Warranty's continued financial support of RCI.

URBAN DEVELOPMENT INSTITUTE

Mr. Victor Setton and Ms. Maureen Enser presented an update on UDI activities and appealed to New Home Warranty for continued financial support of their educational programmes.

In their overview they noted 2000 people attended their 1992 programmes; they have over 400 corporate members with the view to increasing that in 1993; a 13 week Development School has been implemented through Simon Fraser University; and a library resource info centre is being developed.

1993 - 1994 PROPOSED BUDGET

In his presentation, Mr. Nahrgang noted that the proposed budget was based on increased levels of activity (13,000 enrollments) and adjustments in some fees. There have been no fee increases since 1985 and the proposed adjustments are intended to increase effectiveness in the marketplace and to provide intensified service to the building community primarily through Education & Training programmes funded through RCI and UDI. It was noted there were no fee increases to the AA and Master Builder categories.

The Extended Warranty has not been as popular as expected and Marketing will devise a strategy to achieve new forecast levels.

It is intended that a satellite office be opened in Kelowna and will be similar in operation to the Victoria office with part time representation.

Office space is being reconfigured. Existing Marketing and Board Room space is being vacated for more favourable space adjacent to the current office. The additional square footage will remove the immediate pressures of overcrowding. It was noted that Mr. Verge will continue to search for space or property suitable for a long term, company owned premise.

RCI contributions to Education & Training have been increased and a contribution to UDI's E&T programmes have been included in the budget. In discussion it was noted that E&T and improvement in the skills of the workforce influence Warranty's claims, both in severity and frequency.

The Sixth International Housing & Home Warranty Conference to be held in Washington, D.C., October 17-21 will have limited Board attendance. The budget provides for the Executive Committee, the 2 longest serving Directors, and 1 staff.

A discussion was held on the per diem paid to Directors and it was pointed out that it was no longer in line with current schedules.

M/S/C R. Stewart/L. Grelish

.....that effective March 1, 1993, the per diem be increased to \$300. for Board members attending full Board, Executive or Board Committee meetings lasting 4 hours or longer.

M/S/C T. Litster/L. Grelish

.....that the 1993-1994 Proposed Budget be accepted as amended.

LEGAL UPDATE

Mr. Kuhn, Legal Counsel, stated there are only 6 small claims he is dealing with on behalf of the Company and gave credit to the Operations staff for their efficiency in handling disputes.

In legal circles Mr. Kuhn stated there are more offshore enquiries about Warranty and it is worth noting Warranty is having an impact in the background.

ROLE OF THE DIRECTOR

Mr. Kuhn reviewed the unique status of New Home Warranty under the Income Tax Act and pointed out this status is fragile and is reviewed annually.

The Articles of the Company comprise the charter which sets out how the Company can carry on business. Board members should read through them on a regular basis and be fully familiar with all of the Articles.

Mr. Kuhn pointed out that the role of a Director falls into 4 categories - (1) it is a Trustee position which means acting with the utmost good faith with no conflict of interest; (2) the Director is a shareholder representative, which in this case is quite different because of the non-profit status of the Company. The representation is more at arm's length; (3) diligence must be exercised which

means acting with reasonable care, skill and prudence; (4) perform as a **representative** but only to the extent of participating in Board meetings.

Mr. Kuhn stressed the fact that serving on the Board with the unusual status of New Home Warranty carried quite different responsibilities than those of a normal, profit oriented business corporation. He urged the Board to read the manual "Making Your Mark as a Board Member" and he also agreed to provide complimentary copies of a booklet titled "Volunteers and the Law".

The primary areas of personal liability fall within the Articles and acting outside of the Articles leads to personal liability risk, as does breach of duty as outlined in the four main areas.

Directors meeting as a Board have the authority as provided in the Company's Act, and as provided in the Company's Articles of Incorporation. Outside of a Board meeting individual Directors possess no such authority.

RESTRUCTURING OF ARTICLES OF INCORPORATION

Mr. Verge advised that with the increased incorporation of CHBA local associations, Article 12.2.d of the Company must be reviewed. He advised that the CHBA-BC Board of Directors has passed the following resolution -

"That the President and CEO of Pacific New Home Services, Inc., together with Mr. Robert Kuhn Legal Counsel for the Company, review Section 12 of the Articles of Incorporation and prepare a revised Article dealing with the question of the structure of the Board of Directors of the Company, and that the revised Article be submitted to the Shareholder as soon as practical, and further that the Register of Directors in effect as of today's date, represent the entire Board of Directors until such time as Section 12 of the Articles of Incorporation of the Company has been officially revised and put into effect."

ANNUAL MEETING FORMAT

Mr. Verge advised the Annual General Meeting will be held in Victoria on June 18, 1993 to coincide with the Victoria Home Builders Association CARE AWARDS. The entire Board will be invited to attend the Awards and accommodation will be arranged for the night of June 18 at the Ocean Pointe Resort.

OPERATIONS DEPARTMENT

Mr. Moore advised that the Company is receiving an ever increasing number of builder applications where the corporate structures are very complex and are site specific. Usually the structure dissolves upon completion of construction which increases the liability of the Program. Each application is being reviewed on its own merits and in most cases, additional securities are being requested.

The balance of the Operations Report was in written form for review by the Board at their convenience.

MARKETING REPORT

A written report was provided for review by the Board at their convenience.

ADJOURN

Mr. Sawatsky adjourned the meeting at 1:40pm for "In Camera" discussion by the Board.

MINUTES

Executive/Audit Committee
May 18, 1993
Corporate Board Room

PRESENT:

K. Sawatsky	J. Zuk	D. Verge	R. Wood
I. Nahrgang	L. Grelish	Clayton Cox (Auditor)	S. Smith

The meeting was called to order at 1:30 pm by Chairman, K. Sawatsky.

Clayton Cox, C.A. of Henshaw, Kjellbotn & McKinley presented the draft of the audited Financial Statements for the fiscal year ended February 28, 1993.

Each page was reviewed in its entirety and questions from the floor were responded to as Mr. Cox proceeded through the statements.

It was noted that revenue to budget had increased by 44% and expenses to budget had increased by 25% leaving the Company in a positive position at the end of the fiscal year with an overall increase in revenues of 34%.

The question of \$ maximums required in the Risk Retention Fund was raised. Mr. Verge pointed out there is currently approximately \$9 Billion at risk, not including surety guarantees and warranty surety guarantees on common properties. The figure is only for residential units. Mr. Verge also pointed out that only a fraction will manifest themselves into a claim. Allowing \$300 - \$330 per unit still at risk, the optimum figure for the Risk Retention Fund would be \$15 Million. With present Warranty coverage of \$2 Million maximum on multi family projects, 4 projects with major problems would delete the current Risk Fund.

M/S/C I. Nahrgang/J. Zuk

.....that the Audited Financial Statements be presented to the Board of Directors at the Annual General Meeting with the recommendation they be approved as presented.

Finance/Audit Committee
May 18, 1993
Page 2

ANNUAL GENERAL MEETING

The AGM is scheduled to take place June 18, 1993 at the Ocean Pointe Resort Hotel in Victoria. The entire Board and spouses, Management staff and spouses are invited to attend the Victoria Home Builders' Association "CARE" Awards on the evening of June 18 at the Convention Centre.

The Agenda and further information will be forwarded to the Board shortly.

MINUTES

BOARD OF DIRECTORS ANNUAL GENERAL MEETING

June 18, 1993
Ocean Pointe Resort Hotel
Victoria, B.C.

PRESENT:

R. Genest	L. Grelish	T. Hackett	D. Verge
R. Haan	M. Kipot	J. Konrad	R. Moore
T. Litster	L. Nahrgang	H. Rebneris	B. Tweed
K. Sawatsky	R. Stewart	F. Whitbread	R. Wood
N. Ziola	J. Zuk		S. Smith

R. Kuhn - Legal Counsel
R. McArthur - Nesbitt Thompson Investments

R. McKinley - Auditor

ABSENT: D. Braun

The meeting was called to order at 1:00 pm by Chairman, Ken Sawatsky

MINUTES

M/S/C T. Hackett/ F. Whitbread

.....that the Minutes of the January 29 and May 18, 1993 meetings be adopted as circulated.

INVESTMENT MANAGEMENT REPORT

Mr. Ken McArthur, representing the firm of Nesbitt Thompson Investment Management reported an overall 12.65% gain on investments during the past year and the account has increased by 75% since Nesbitt Thompson began the investment management four years ago.

Mr. McArthur is predicting some inflation with money supply increasing in the 9% range and the economy increasing only at a rate of 1-2%. The Canadian \$ will remain under pressure; interest rates will not increase in the immediate future; deficits will not go down. Mr. McArthur predicts that housing will remain good through to 1997.

No changes were recommended for the Company's portfolio.

LEGAL UPDATE

Mr. Kuhn reported that there are 5 legal actions outstanding. He noted that the number of actions is not increasing, which he stated was a credit to staff and their preliminary handling of complaints, but the complexity of issues is increasing.

Mr. Kuhn announced he had relocated to Abbotsford and had joined the firm of Baker, Newby as an Associate which will allow him the control of his accounts.

MARKETING UPDATE

A written report was presented highlighting the high level of activity with seminars and the meetings taking place with the new Client Services function.

Areas of concentration will be the Okanagan and Nanaimo north where levels of activity are very high.

OPERATIONS REPORT

A written report was presented indicating the levels of activity during the fiscal year. It was noted that enrollments and builder registration had exceeded budget and as a result, the volume of complaints had increased.

Mr. Moore assured that the entry requirements for builder applicants are not diminishing. Although a small number are being refused, more securities are being required.

CHAIRMAN & PRESIDENT REPORT

Highlights of this report are -

MORTGAGE INSURANCE COMPANY OF CANADA has had a temporary new business restraining order issued which has had considerable impact on New Home Warranty builder applications. The situation gives CMHC a virtual monopoly on mortgage insurances, and CMHC's policy of requiring New Home Warranty on federally funded and high ratio mortgages, has shifted builder interest. It was noted that every attempt is being made to accommodate the builders without prejudicing Warranty standards.

BC's activity in **NATIONAL AND INTERNATIONAL** housing affairs continues. Ted Litster was elected Chairman of the National Warranty Council and David Verge is assisting with the 6th International Housing & Home Warranty Conference scheduled for October 1993 in Washington, D.C.

At direction of the Shareholder, the **ARTICLES OF INCORPORATION** have been revised to streamline the Company's Board of Directors. The recommended size is 13 with the following structure -

- a. President of CHBA-BC
- b. 1st Vice President of CHBA-BC
- c. 2nd Vice President of CHBA-BC
- d. Immediate Past President of CHBA-BC who serves as Chairman
- e. Immediate Past Chairman of the Company
- f. President and CEO of the Company
- g. Two appointees drawn from the 30 largest builders registered with the Company
- h. Five appointees who are officers or directors of a builder member of a local association of the shareholder and registered with the Company

A **RENOVATIONS** survey is currently being created by Strategic Development Services Ltd. with the actual survey expected to take place in the late summer of 1993. Recommendations to the Board will likely take place in October.

COMMISSION ON WATER PENETRATION IN WOOD FRAME CONDOMINIUM BUILDINGS

As the result of a series of articles in the Vancouver Sun speculating that 1 in 4 wood frame condominiums were fraught with water problems, New Home Warranty announced the creation of a private commission to study the problems. Guidelines were established and advertised with the final date for submissions to be May 31, 1993. Approximately 50 enquiries were received resulting in 5 submissions. The findings of the Commission will likely be completed by late September and the results will be published.

APPLICATION FOR AMENDMENTS TO THE REAL ESTATE/ CONDOMINIUM ACTS

In 1992 New Home Warranty presented a report to the B.C. Government requesting changes to the Real Estate/Condominium Acts to permit condominium builders access to buyer deposit funds by expanding the deposit security requirements in the Act to include such other forms of security as bonding or New Home Warranty deposit protection. Presently the Act permits only third party trusting of buyer deposits. The amending committee responsible has not been called back into session to review this proposal or others.

Mr. Verge stated that he will be putting additional pressure on government to review the report.

AUDITED FINANCIAL STATEMENTS

Mr. Reg McKinley of Henshaw, Kjellbotn & McKinley stated that his audit team found everything to be in order. He reviewed the statements and responded to questions from the floor. The Summary indicated that there was a 69% increase in enrollments over 1992 and a 44% increase in revenues. The high levels of activity in 1993 provided a modest increase in expenses of 25%.

M/S/C

T. Hackett/T. Litster

.....that the 1992-1993 Audited Financial Statements be accepted as presented.

APPOINTMENTS

M/S/C

M. Kipot/J. Konrad

.....that the firm of Nesbitt Thompson Investment Management be reappointed to manage the Company's investment portfolio for the fiscal year 1993 - 1994.

M/S/C

I. Nahrgang/J. Zuk

.....that Robert G. Kuhn be reappointed as Legal Counsel for the Company for the fiscal year 1993 - 1994.

M/S/C

L. Grelish/R. Haan

.....that the firm of Henshaw, Kjellbotn & McKinley be reappointed as Auditors for the Company for the fiscal year 1993 - 1994.

PRESENTATIONS

Mr. Sawatsky expressed sincere thanks to those Directors retiring from the Board and presented each with a plaque. The retiring Directors were H.D. Braun, P.R. Genest, R. Haan, T. Hackett, M. Kipot, J. Konrad, I. Nahrgang, H. Rebneris, F. Whitbread, N. Ziola.

ANNOUNCEMENT OF NEW BOARD

In accordance with the revised Articles of Incorporation, applications for appointment to the Company's Board of Directors were reviewed by the Board Appointment Committee and the following names were accepted -

Gary Cruezot	Bill Crum	Rick Genest
Leigh Grelish	Sid Kingma	Ted Litster
Herman Rebneris	Ken Sawatsky	Richard Stewart
David Verge	Neil Ziola	John Zuk

Mr. Verge stated that an orientation meeting and swearing in ceremony would take place in the early fall and the new Board would attend their first board meeting which is to be held in conjunction with the CHBA Provincial Conference in October.

The meeting adjourned at 3 pm in order that representatives of the Board could meet with the Honourable Robin Belncoe, Housing Minister with the B.C. Government.

NEW HOME

MINUTES

Board of Directors Orientation Meeting 20 August 1993 New Home Warranty Board Room

The meeting was called to order at 9:30 am by Chairman, Ken Sawatsky, with all Directors in attendance except Ted Litster.

Introductions were made and new Directors, Gary Cruezot, Bill Crum, and Sid Kingma were welcomed. Congratulations were extended to Herman Rebneris and Rick Genest for their reappointment to the Board as representatives of the high density building community.

The Chairman reviewed the Agenda items which formed the basis for presentation by the Company President & CEO, David Verge.

The President added welcome to the new Directors and to the returning Directors.

Turning to the Agenda, the President advised that during the day he would review with the Board the Company's -

- History
- Articles of Incorporation
- The Director Reference Manual
- Company and Board Structure
- Financial Statements and Budget structure and details
- Statistical data on Warranty performance in dispute handling areas and complaint and claims administration and actuarial data structure and use

Much of the material reviewed throughout the day was provided in manual or report format with actuarial data provided by overhead slides.

Considerable time was spent reviewing the Director Reference Manual, particularly those sections dealing with director authority and limitations, and director conduct while at Board meetings and the position of a director while outside the Board.

The official By-Laws of the Company, "The Articles of Incorporation", were reviewed in detail with particular attention to the structure of the Company, the structure of the Board of Directors, the basic qualifications of directors, their responsibility to set policy necessary to ensure proper management of the affairs of the Company and its interests, with the administrative responsibility of managing the business falling on the Company President & CEO, who reports to the Board.

The Company's privileged status as a not for profit company, Section 149.1.1 of the Canadian Income Tax Act was reviewed. Article 20 sets out specifically, as does the Income Tax Act, that gain is not the motive for incorporation, no dividends can be declared and no monies in remuneration or benefit can be given to the Company's shareholder.

The President advised the Board that the Articles do not preclude the Company from conducting business with the shareholder for which payment would be due.

The matter of Education & Training was discussed with emphasis on the creation of the Residential Construction Institute of the Canadian Home Builders Association, and the Education Trust Fund of the Urban Development Institute where New Home Warranty is a substantial financial sponsor to ensure the development and delivery of builder education.

Considerable time was spent in discussion of director indemnification in the event that a director was named as a defendant with the Company in a legal action. Following review of this section, Mr. Verge undertook to provide new directors with a copy of a legal text provided by the Company's legal counsel.

The review of the Articles concluded with a review of the roles of the officers of the Company, the Chairman, and the President & CEO who is also the Corporate Secretary.

In reviewing the financial statements, Mr. Verge highlighted the structure of the financial data and referenced the parallel to standard underwriting company practises. The intent here being to ensure the statements properly reflect income earned to Warranty exposure (normally 6 years but in the case of extended warranties, that liability is pushed out in excess of 10 years).

The financial position was reviewed with emphasis on how reserves are structured and funded, and the role played by actuarial data in maintenance of proper reserves.

In support of financial data related and supporting statistical data was reviewed and discussed.

Following discussion on matters of general business involvement, the Chairman adjourned the meeting at 3:30 pm.

Directors were asked to complete and sign the "Consent to Act" forms provided, the signing creating the official Board status.

Directors were reminded that the next full board meeting will take place at the Delta Pacific Resort Hotel in Richmond on 29 October, commencing at 1:00 pm. This meeting will be in conjunction with CHBA's Provincial Conference.

MINUTES
BOARD OF DIRECTORS
EXTRAORDINARY GENERAL MEETING

October 29, 1993
Delta Pacific Resort & Conference Centre
Richmond, B.C.

PRESENT:

G. Cruezet	T. Litster	J. Zuk
B. Crum	H. Rebneris	D. Verge.
R. Genest	K. Sawatsky	R. Moore
L. Grelish	R. Stewart	B. Tweed
S. Kingma	N. Ziola	B. Kuhn
	F. McCreath	R. Wood

The meeting was called to order at 1:45 PM by Chairman, Ken Sawatsky

MINUTES

M/S/C H. Rebneris/N. Ziola

.....that the minutes of June 18, and August 20, 1993 be adopted as circulated.

Prior to the commencement of the meeting the President asked the Marketing Manager, Brian Tweed to show the Board the "freshening-up" of the television and printed media ads. Hopefully, the revised formats service the multi faceted home-buyer community.

LEGAL UPDATE

An oral presentation by Mr. Robert Kuhn was made to the Board on actions in which the Company is involved. Mr. Kuhn in his presentation made reference to the awareness of New Home Warranty's deep pockets and the enjoinder of New Home Warranty in actions involving many parties.

In addition to comments provided by legal counsel, the President cited the U.S.A. circumstance where some of the Country's largest law firms have developed and published procedures on how to successfully sue the N.H.W. Programs. this appears to be gaining momentum in the U.S.. While, at the moment, it is not an issued in Canada, however, we are preparing for similar situations.



ACTUARIAL REPORT

Mr. Fred McCreath, MH Financial Consultants Ltd, reviewed the previously distributed Risk Management Summary dated February 28, 1993. In his overview, Mr. McCreath pointed out the B.C. Program is extremely data conscious; a policy set in place to ensure historical information is available for the preparation of analysis on future claims and to ensure that sufficient funds are on hand to meet all warranty obligations of the Company. This process is ongoing.

Mr. McCreath further explained the purposes of the Risk Retention Fund and the Administration Fund by using the Risk Management Report and the slides prepared for presentation of claims experience to-date as well as a review of actuarial forecasting for future periods.

In respect of the Risk Fund the Board was advised that in due course a proposal will be presented which would provide for an acceleration of income allocation to risk management.

Mr. Verge thanked Mr. McCreath for his presentation and offered observations that the growth in the Risk Reserve Fund, although still deficient, compared to the recently prepared actuarial report, is showing remarkable improvement in closing the gap between actuarial losses and projected reserves.

BUSINESS UPDATES AND BUDGET REVISIONS

The business update was presented by the President of the Company. Circulated with the Director's Board package were up-dates on Departmental performances.

The Departmental performances, in addition to details of overall Corporate performance, was reviewed in detail.

In the Corporate Report current business activities were compared to the official business plan adopted in 1991 and further amended in 1992. The Company's business in terms of revenue has increased from prior levels of 1.8 million to 3.6 million which represents 100% increase in revenue since the introduction the official business plan in 1991.

In enrollment activity, the 1992 level of 12,291 represents 100% increase in enrollments since 1991 and current forecasts, which suggest enrollment activity in 17,000 range suggests a 300% increase in activity.



Having reviewed the Corporate and Departmental reports the Board was made aware of the tremendous increase in work load and the need to expand the work force to accommodate the demands arising from Warranty service work and marketing's initiatives.

Since 1 May 1993, the Company's Register of Builders has increased by 25% to a total on Register of 1077.

While, considerable credit can be attributed to the Company's very aggressive marketing program, it must also, be acknowledged that with the suspension of business order served on the Mortgage Insurance Company of Canada by the Federal Superintendent of Financial Institutions this action has created a monopoly for CMHC. CMHC is responsible for administration of the National Housing Act which specifically requires Warranty on residences financed through the National Housing Act.

The Board was told that the decision made by M.I.C.C. in 1990, was an attempt to gain increased market share of mortgage insurance business, M.I.C.C. dropped its requirement for Warranty at that time.

The President moved onto a revised Budget representing anticipated cost increase for the balance of the fiscal year ending February 28, 1994.

The proposed budget revisions were set out in a comprehensive and illustrated form showing actual activities from previous and current periods together with details specifically relating to additional staff requirements and other general administration cost increases. For the official record, the amended Budget forms part of these minutes.

At the end of the presentation the President answered questions.

M/S/C T. Litster/L. Grelish

...that the Board accept the President's recommendation to accept and implement the revised Budget as presented.

TRANSFER OF GAVEL

Mr. Ken Sawatsky expressed his appreciation and thanks to the Board and Staff for their support during his chairmanship and transferred the gavel to Mr. John Zuk, Outgoing President of CHBA.

Mr. Zuk's first duty was to present Mr. Sawatsky with an appreciation of thanks.



NEW BUSINESS

1. Maintenance Manual for Multi Family Buildings....

Responding to a questions from Mr. Ziola, the President indicated that there appeared to be no known publication of maintenance procedures and scheduling for the multi family sector.

It was recognized that this is a void that ought to be filled by New Home Warranty and that the creation and publication of a manual would most likely take about a year. There was an undertaking to proceed with this project.

2. Company owned premises....

Responding to a question from Mr. Ziola the President indicated that since the last Board meeting he has been actively searching for a suitable building to house the Company. While dozens of buildings have been examined none were found to be suitable. If suitable standing premises are not found it may become necessary to acquire a lot to construct a building. The current lease expires in April 1995.

The Directors were given assurance that this project is given highest priority, and if necessary the Chairman will be asked to convene an emergency meeting to consider a proposal arising out of this.

To conclude the New Business section, the President advised the Board of requested Warranty participation in areas where Warranty has not previously been involved.

A request for assistance from the University of British Columbia to fund a new chair in Civil Engineering

A request for assistance from the B.C. Sports Hall of Fame in an area of exhibition highlighting community Builders.

The Directors were asked, that if they thought we should pursue these matters, to forward their comments to the Company's President.

There being no further business the meeting adjourned at 4:50 PM.

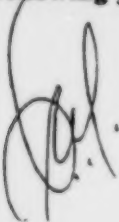
**AMENDMENT
TO THE MINUTES OF
NEW HOME WARRANTY PROGRAM
BOARD OF DIRECTORS MEETING
29 OCTOBER 1993**

**New Business
Item #3**

Chairman John Zuk advised that he and the Company President, David Verge, met with CHBA Local Presidents and Executive Officers on matters of communication - that is communications between Warranty and Builders and between Warranty and consumers. Several CHBA Local President perceive Warranty to have a problem communicating its message.

Following discussion, the President indicated that he and staff would take a look at a number of alternatives, including videos custom created to carry proper messages and be widely circulated.

Costs involved in bridging the communication gap, not already covered in existing marketing strategies, will be referenced in budget preparations for the following year.

A handwritten signature, likely of the President or Chairman, is written in dark ink. It consists of a large, stylized 'J' followed by a series of loops and a final vertical stroke.



**MINUTES
NEW HOME WARRANTY PROGRAM OF B.C. & YUKON**

AUDIT & FINANCE COMMITTEE MEETING

December 21, 1993

Corporate Boardroom

PRESENT: J. Zuk K. Sawatsky D. Verge
 G. Cruezot N. Ziola R. Moore
 S. Smith
 B. Tweed
 R. Wood

ABSENT: R. Stewart

The meeting was called to order at 9:30 am by Chairman Zuk. In his opening statement, Mr. Zuk outlined that the purpose of the meeting was to review the 1994-95 Proposed Budget in accordance with the previously distributed documents. Mr. Zuk further reminded the Committee that decisions made at this meeting set the course for the Board of Directors.

Interim Financial Statements

The Interim Financial Statements to November 30, 1993 were reviewed and it was noted the Company is in a healthy financial position with no debts.

Builders on Register	1,097
Home Enrollments for November	2,001
Home Enrollments YTD	13,263
Home Enrollments YTD (Prior)	8,826
Home Enrollments YTD (Budget)	12,750 Amended to 17,000 10/93

It is expected that by fiscal year end the revised budget of 17,000 homes will be attained.



Field Offices

Discussion was held on establishing Field offices in Nanaimo and Kelowna. It was noted that one permanent technical staff member working out of each office would provide more efficient service to builders and homeowners alike, as well as be more cost effective. It is currently a hardship providing staff from Vancouver who must spend a considerable number of hours in travel time. A "total business office centre" facility will be leased with a secretarial service but all files and records will be maintained in the NHWP Vancouver office.

1994-1995 Proposed Budget

The budget presentation was a 2 stage budget with 2 forecasts for Home Enrollments - 15,000 and 17,000.

It is anticipated that MICC will not re-enter the home mortgage insurance business for another year or so, and when they do, it will probably take them a year to re-establish. Mr. Verge stated that he had been given to understand their position is likely to be more favourable to NHWP. Mr. Verge anticipates that with the full support of CMHC, MICC and the lenders, NHWP will obtain 85% of the market without government legislation.

A re-alignment of staff duties will provide for a full time person to maintain contact with Registered Builders to offer assistance in document completion and respond to general questions. It is felt this person will allay misunderstandings regarding the completion of documents and will establish a positive liaison.

With a steady increased interest in the extended MSD warranty, Mr. Verge advised that a full ten year warranty will probably be in place within a few years.

A review of the Summary of Revenue & Expenses indicates the tight management controls in place. Although the \$ portion of expenses has fluctuated considerably in keeping with increased business, the % portion of expenses has remained steady.

In the overview of his Marketing Report, Mr. Tweed indicated that more emphasis is being placed on marketing, advertising and meetings in the outlying areas as opposed to the Lower Mainland.



In the Special Projects portion of the Proposed Budget, the \$30,000 contribution to R2000 was discussed in detail. Since a considerable number of R2000 activities are now being contracted out, it was Mr. Verge's recommendation that this budget item be deleted and that the RCI budget be increased to \$165,000.

Mr. Verge further recommended that NHWP continue with the "new builder" registration rebate to R2000.

Discussion was held on the ever increasing demands being made on RCI for educational grants. The following motion was made:-

M/S/C G. Cruetzot/N. Ziola

.....that a once only contribution of \$150,000 be made to RCI to reflect additional costs and grants RCI is going to have to consider in the current 1993 budget.

Proposed Budget Acceptance

M/S/C K. Sawatsky/N. Ziola

.....that the 1994-1995, two tier, Proposed Budget be accepted as amended and be presented to the full Board of Directors for ratification.

Treasurer

Mr. Neil Ziola agreed to serve as Treasurer on the Board Executive Committee.

Board Meeting

The next Board of Directors meeting is scheduled for February 4 in Vancouver. Time and place will be advised.

Adjournment

There being no further business, the meeting adjourned.



MINUTES
NEW HOME WARRANTY PROGRAM OF B.C. & YUKON

BOARD OF DIRECTORS
EXTRAORDINARY GENERAL MEETING

February 4, 1994
Holiday Inn Vancouver Centre

PRESENT:	G. Cruetzot L. Grelish K. Sawatsky N. Ziola	R. Genest T. Litster R. Stewart J. Zuk	D. Verge R. Moore B. Tweed S. Smith R. Wood
ABSENT:	B. Crum	S. Kingma	H. Rebneris

The meeting was called to order at 9:05am by Chairman John Zuk.

M/S/C/ L. Grelish/G. Cruetzot

.....that the Amended Minutes of the October 29, 1993 meeting and the Minutes of the December 21, 1993 meeting be adopted as circulated.

OLD BUSINESS

Maintenance Manuals for Multi Unit Residences is still under review and it is expected it will take a year to produce.

OPERATIONS DEPARTMENT UPDATE

Highlights of Mr. Moore's report indicate the following for the year ending December 31, 1993 -

1111 Registered Builders	14,674 Units enrolled
1246 Complaints Received	\$556,263. Net Claims Cost
187 Conciliations	\$45,168. Claims Recovery

A document review is underway and some of the anticipated areas of change will be the definition of builder, coverage pertaining to environmental issues, contaminated soils, air quality and off-gassing of building materials. It is expected the revisions will be completed by the fall of 1994.

Advertisements have been run to recruit two Technical Representatives who will work out of the Nanaimo and Kelowna offices which are to be established.

In the "Claims Paid Out" section of Mr. Moore's report, it was requested that future reports contain a breakdown between Single and Multi Family claims.

A great deal of discussion was held on the increased frequency of Major Structural Defect claims which are the result of water penetration that has gone undetected for several years, and are not an issue of mitigation. A growing number of claims are related to exterior stucco finishes and the claims are most prevalent in multi family housing where design does not provide for generous overhangs.

It was suggested that "an appropriate engineer" to inspect waterproof membrane installations and exterior stucco finishes be made a requirement, but it was concluded it is almost impossible to find an expert in these fields and there is really no certification available.

Mr. Verge and Mr. Grelish (Chairman of the E&T Committee) agreed to highlight this problem with E&T and also Mr. Verge said he would meet with UDI to encourage them to pick up the same banner. Production of a video detailing proper installation was also suggested.

Mr. Verge noted that New Home Warranty does not want to prepare corrective programmes, but will continue to identify problem areas and work with the E&T Committee and UDI for a resolve.

Mr. Verge further noted that the Water Penetration Committee had received approximately 50 enquiries with only 5 submissions - all of which were incomplete.

MARKETING DEPARTMENT UPDATE & BUDGET PROPOSAL

Mr. Verge reported that since the Audit/Finance Committee approval of the preliminary budget, the Marketing Budget had been reduced by \$100,000 to accurately reflect a more prudent percentage of overall expenditures. He also stated that further reductions would be recommended in the coming two years.

Mr. Tweed reviewed his recommendations and it was noted the marketing emphasis is being shifted from the Lower Mainland to the outlying areas - in particular the Okanagan and Vancouver Island.

The same successful print ads will be produced, TV coverage will be expanded and increased personal travel and workshops will be evident.

In discussion following Mr. Tweed's report, disappointment was expressed with regard to decreased advertising in the Vancouver Sun and local newspapers and it was suggested that perhaps the Lower Mainland decrease in activity should be in the TV area.

M/S/C R. Genest/L. Grelish

.....that within the revised Marketing Budget presented, Management should re-examine the target areas to include advertising in the Vancouver Sun.

Mr. Genest offered to work with Mr. Tweed and the Vancouver Sun to obtain more favourable rates.

CORPORATE FINANCIAL STATEMENTS March 1- December 31, 1993

Treasurer, Neil Ziola reviewed the statements as presented. It was noted there is a substantial increase in revenues during the current fiscal year and the Company is in a healthy financial position.

Activity has increased in all areas of the business and it is anticipated the Company will exceed its amended/increased budget of 17,000 enrollments. The current report indicates it is already a banner year for the Company.

It was requested that with each financial report, a brief 1-page be included explaining the distribution of income and the percentages directed to deferred revenue.

It was further requested that on the Liabilities & Reserves page, the "Trust Account" line indicate "Builder Securities in Cash" instead of letters of credit.

55,566 warranties remain on file and Mr. Verge noted this number will increase along with costs.

M/S/C N. Ziola/R. Genest

.....that the Financial Statements to December 31, 1994 be accepted as presented.

PROPOSED BUDGET FOR FISCAL YEAR 1994-1995

Treasurer, Neil Ziola presented the proposed budget which he noted was based on 2 enrollment forecasts - 15,000 and 17,000. The purpose of the dual forecast was to eliminate a mid-year revised budget approval as happened in the current year. The two forecasts indicate the appropriate expenditures with each figure along with the income anticipated.

Questions were answered as each page was reviewed and highlights are as follows:-

- From 1991 into the proposed budget, the Summary of Revenue and Expenses indicate that year over year, the percentage of expenses remains steady although the dollar figures fluctuate.

- Under Special Projects, budget has been allowed for a market survey to assess the effects of marketing.

- The Residential Construction Institute budget has been increased from \$140,000 to \$165,000.

- The R2000 Program has been decreased from \$30,000 to \$5,000 to allow only for registration rebates to R2000 for those previously non-registered builders who successfully complete the R2000 program.

- The Marketing Budget was decreased by \$100,000 as previously discussed.

- No fee changes are indicated.

M/S/C N. Ziola/T. Litster

.....that the 1994-1995 Budget be accepted and ratified as presented today.

With increased demands being made on RCI for educational grants, the following motion was made -

M/S/C N. Ziola/R. Stewart

.....that the 1993-1994 Budget be amended to make a one time contribution of \$150,000 to RCI to expand the content of the Certified Registered Builder programme.

RENOVATIONS WARRANTY

Three reports were provided to the Board of Directors - the NHWP Renovation Warranty Study conducted for NHWP by Strategics Development, the EKOS Renovators Survey and the CMHC Renovations Survey.

Mr. Verge commented that the issue of a renovations warranty has been discussed off and on over the past 20 years with 5 surveys having been completed. NHWP decided to conduct their own survey and unlike most others, both purchasers and renovators were approached. There is a strong parallel between the NHWP and Ekos surveys which indicate a wide divergence of opinion between the renovator and the purchaser on the value of a warranty. 85% of the homeowners place a high value on a warranty with a fee of up to \$1000; the renovator considers a warranty less of a value and placed a fee of \$200-\$250 as reasonable.

M/S/C K. Sawatsky/L. Grelish

.....that Management take the Renovation Warranty information acquired, conduct a Feasibility Study and provide a Business Plan on the viability of a Renovations Warranty structure which would have no peril to New Home Warranty reserves; such study and plan to be ready for presentation to the Board of Directors at its fall meeting.

ANNUAL NOMINATION/SELECTION PROCESS - BOARD OF DIRECTORS

The nomination and selection process for the 5 Directors selected from CHBA locals was reviewed and discussed.

In accordance with the Articles of Incorporation, 5 Directors from the CHBA locals are selected and compose a part of the 13 member Board of Directors. These Directors serve 1 year terms, may be reappointed, to a maximum of 3 consecutive years.

To ensure an equitable selection, a formal nomination and selection process has been created. The application is to be submitted by the end of February and the selected applicants would take office at the end of the Annual General meeting which is usually held in the month of June.

It was suggested the nomination documents be expanded to include all items required of a nominee which would be used in the nominee rating process.

NEXT MEETING

M/S/C N. Ziola/K. Sawatsky

.....that the 1994 Annual General meeting be held in Kelowna in conjunction with the Kelowna HBA event.

Discussion determined that June 8 is the final Kelowna HBA monthly meeting for the season, and June 10 is Kelowna HBA's Golf Tournament, so JUNE 9 was selected as an appropriate date for the AGM. Details will follow.

COMPETITIVE WARRANTIES

A brief discussion was held on the CMHC warranty study currently underway. CMHC's results will be a major topic at the NWC meeting on February 16.

Concord Pacific are advertising their own "Advantage New Home Warranty" and details of their coverage will be provided as obtained.

There being no further business the meeting adjourned at 2 pm.

MINUTES

TASK FORCE MEETING FOR OPTIONS FOR RENEWAL Friday, March 18, 1994 Corporate Board Room

PRESENT:

J. Zuk
T. Litster

K. Sawatsky
D. Verge

R. Kuhn, Solicitor
S. Smith

ABSENT: G. Cruezet

The meeting was called to order at 10:00 am by Chairman John Zuk

MAJOR MUNICIPALITY RECOMMENDATIONS TO MANDATE WARRANTY

The Task Force meeting was originally called to discuss an approach to New Home Warranty by a major Lower Mainland municipality where they were considering a recommendation for mandatory warranty through the Union of B.C. Municipalities.

In the interim, the B.C. Government has produced a white paper entitled Options for Renewal, and in conversation with the above Municipality, it was determined they would no longer be proceeding with their proposal at a municipal level.

Direction was given to Mr. Verge to contact the municipality to determine if a formal written acknowledgement is expected from NHW on their initial proposal of a mandatory warranty and further in light of Options for Renewal, would the municipalities receive and support NHW's position on a mandatory warranty program.

OPTIONS FOR RENEWAL

The Ministry of Municipal Affairs of the B.C. Government has released a white paper entitled "The Building Regulatory System in British Columbia Options for Renewal". A copy of this document was received in the office of NHW on March 11, 1994.

The paper has been introduced with a general consensus within the Ministry that the building regulatory system needs to be re-examined to better clarify the roles and responsibilities of all participants within the system.

Topics of the paper include Roles & Responsibilities, Liability of Local Government, Use of the BC Building Code, Training, Education & Certification, Approval of Building & Plumbing Products, Review of Building Legislation & Regulations.

Although not specifically identified in the Table of Contents, Pages 40 and 41, refer to an option to ESTABLISH A MANDATORY NEW HOME WARRANTY PROGRAM similar to Ontario's, offering training and certification to builders and which would provide guarantees to new home purchasers for the fitness of their homes.

What is not clear in the option on a mandated New Home Warranty scheme is whether government favours an industry administrated warranty scheme as in Ontario, or whether a B.C. Crown Corporation is being considered to administer the proposed mandated warranty scheme.

Throughout the paper reference is made to a "new home warranty" legislated by the BC government and it was agreed by the Task Force that this white paper is indeed the most provocative housing industry document presented by a provincial government in the last 15 years.

Several inaccuracies, as they relate to New Home Warranty have been identified and a response from Management was made to the Minister of Municipal Affairs on March 17. The letter also indicated that New Home Warranty would make a full and formal submission prior to the deadline of May 31, 1994.

Mr. Verge indicated that copies of the government document are being forwarded to all Registered Builders along with a bulletin commenting on the contents. The bulletin calls for builder participation.

Management was given direction to -

- ~ further analyze the document,
 - ~ prepare a comprehensive submission based on historical data and documented statistics; to include comparisons with other Warranty corporations, and
 - ~ consult with the Task Force on the submission which would be presented to the full Board of Directors for approval.
-
- ~ upon Board approval, advise all Registered Builders of the Company's position.

It was recommended that a further Task Force meeting be at the Call of the Chair. However, a full Board meeting will be scheduled for APRIL 29, 1994.

BOARD OF DIRECTORS NOMINATION/SELECTION PROCESS

The revised criteria and process was discussed. The nominee application has been simplified and includes a section which will preclude the nominee from having to prepare a resume.

The nomination packages will be forwarded to the CHBA local associations within a week to allow adequate time for return to New Home Warranty by May 15.

CMHC STUDY OF NEW HOME WARRANTY PROGRAMS IN CANADA

Mr. Litster reported that a draft of the National Warranty Council minutes would be available within a week and also that CMHC would be presenting formal notes on the meeting. Mr. Litster said he would advise Mr. Verge.

MICC PUBLIC ANNOUNCEMENT

In May 1993, MICC suspended writing new mortgage insurance business due to a regulatory capital deficiency.

On February 25, 1994, a Press Release indicated that MICC and GE Capital Mortgage Corporation have signed a non binding letter of intent whereby GE Capital would take over MICC's mortgage insurance business.

At the moment MICC has no further information that it can provide except that GE Capital is aware of the CMHC policy requiring Warranty on insured mortgages.

The meeting adjourned at 2:30pm

MINUTES

Task Force Meeting Options For Renewal

April 15, 1994
Le Meridien Vancouver

PRESENT:

John Zuk
Gary Cruezot
Neil Ziola
Ken Sawatsky

David Verge
Bob Kuhn
Sheila Smith
Ted Litster

Jerry Beckerman and
Judy Baldwin of
The Sage Group

The meeting was called to order at 8:45 am by Chairman John Zuk.

MINUTES

Mr. Zuk moved that the Minutes of the March 18, 1994 meeting be accepted as circulated.

ACTION TO DATE

It was noted that since receipt on March 11 of the B.C. Government paper, "Options For Renewal", the following action had been taken:-

- A letter outlining inaccuracies in the report was sent to Darlene Marzari, Minister of Municipal Affairs.
- The Board of Directors have been provided with a copy of the Options paper along with a copy of the letter to the Minister.
- A copy of the Options paper and a Builder Bulletin has been sent to all Registered Builders.
- A Task Force of the Board of Directors has been struck. This is the second Task Force meeting.

- Discussions have been held with the Municipality of Surrey with respect to their liability concerns, builder licensing, and how Warranty plays a role in these concerns.
- Corresponded with the City of Surrey on mandatory Warranty.
- Management has been analyzing and mobilizing on the Options paper.
- Consulted with various business associates.
- Consulted with CHBA National and CHBA-BC
- Consulted with Jack Robertson, author of the document.
- Met with the Minister of Housing, Hon. Joan Smallwood.
- Met and consulted with The Sage Group, a Public Relations company who specialize in crisis management.

HOUSING MINISTRY MEETING

The meeting with Hon Joan Smallwood was held in conjunction with CHBA and the New Homes Month proclamation and the Georgie Awards sponsorship.

At the meeting, Mr. Verge outlined New Home Warranty's concerns regarding the Options for Renewal paper prepared by the Ministry of Municipal Affairs. Ms. Smallwood was taken somewhat off guard and said she knew nothing about the paper although it deals mostly with housing issues. Ms Smallwood said she would review the document.

During this meeting Ms Denise LeBlond, Assistant Deputy Minister of Housing, Recreation and Consumer Affairs noted to Mr. Verge that she had experienced difficulties with New Home Warranty. Since that time an exhaustive search of Warranty's database has revealed nothing and in a subsequent telephone conversation initiated by Warranty management staff, Ms LeBlond stated that it was ancient history and that it was mainly a procedural matter. She did not wish to discuss the topic further. The Task Force suggested a letter be written to Ms LeBlond confirming Warranty's understanding of the situation.

DISCUSSION WITH JACK ROBERTSON

Mr. Verge advised that the Options for Renewal paper had been authored by Mr. Jack Robertson of the Building Standards Branch of the provincial government.

Mr. Verge advised that Mr. Robertson told him the paper was for discussion only. It was meant to be controversial, generate public and building community response.

Mr. Verge noted that had the paper not been signed by the Minister, it would indeed have been an excellent discussion document. However, Mr. Verge said that the opening letter from the Minister leaves no doubt of the intent of the paper, Options for Renewal.

Mr. Verge was unable to ascertain what the government distribution of the document was, but New Home Warranty had not yet received an official copy.

It was further noted that Mr. Robertson will be responsible for reviewing all submissions and he will present his recommendations to the Ministry.

ONTARIO NEW HOME WARRANTY

It has become clear that the Ministry of Municipal Affairs has been consulting with the Ontario New Home Warranty over the last six months in the preparation of this document. We had not been advised of this by either the Ministry or anyone at Ontario NHWP.

Ontario NHWP received an official copy of the document and they have also responded advising Mr. Robertson of the inaccuracies.

OBJECTIVES OF B.C. NHWP

Encourage the B.C. Government to:-

1. Recognize the status quo, or
2. If legislation of Warranty is the decision, that it be modelled after the Ontario NHWP with the appointment of the B.C. Program as the Administrator.

The creation of a Crown Corporation to administer New Home Warranty in British Columbia is not acceptable.

THE SAGE GROUP

Mr. Jerry Beckerman and Ms Judy Baldwin presented their views and plan of action with respect to the Options for Renewal paper. It is their opinion that the document should be taken seriously and that action by New Home Warranty should be immediate, comprehensive, and on target strategically.

The submission to the Ministry was considered the priority and it was noted that considerable work must be completed to meet the May 31 deadline.

It was their further recommendation that post-deadline activity include legislative follow-up, industry relations, legislative relations and media relations.

Considerable discussion was held on Sage's presentation resulting in the following motion.

M/S/C T. Litster/G. Cruezot

— that New Home Warranty retain the Sage Group to act on its behalf on Options for Renewal with instruction to Sage to prepare a submission and backup with the legislature and industry relationships, as per their April 5 proposal, controlled by Management, to a sum not to exceed \$80,000.

The meeting adjourned at noon.



MINUTES

Board of Directors Extraordinary Meeting
April 28 & 29, 1994
Le Meridien Vancouver

APRIL 28, 1994

PRESENT:

G. Cruezot	B. Crum	D. Verge
L. Grelish	S. Kingma	T. Litster
H. Rebneris	K. Sawatsky	R. Kuhn
R. Stewart	N. Ziola	R. McKinley
J. Zuk		

ABSENT:

R. Genest

Chairman John Zuk called the meeting to order at 7:30 pm.

M/S/C L. Grelish/H. Rebneris

The Minutes of meetings February 4, March 18 and April 15, 1994 were approved as circulated.

B.C. GOVERNMENT OPTIONS FOR RENEWAL

The Chairman and the President reviewed the document released by the B.C. Ministry of Municipal Affairs with specific attention to the numerous factual errors contained in the document which would give the reader a false understanding of the status of the building industry and more specifically the errors would give the reader a false understanding of the New Home Warranty Program presently in place in B.C.

The most serious and perilous error comes from the supposition, as contained on Page 40 of the Options document, that the Ontario New Home Warranty model is mandatory and is administered by a provincial Crown Corporation, and that this model might be considered for B.C.

In fact there is no Warranty Crown Corporation in Ontario. Ontario NHW is mandatory, but the Ontario government chose to use the industry sponsored NHWP as official administrator of the plan. That plan has been in place in Ontario since 1977.

The Chairman advised the Board of a meeting held with the Housing Minister (Joan Smallwood) at which time the Minister appeared to be unaware of the document or the housing issues referenced in the document.

The Chairman addressed the work to date carried out by the Task Force and Management to deal with the Warranty issues as follows -

- Letter of correction to the Minister; NHW provided over 1500 copies of the document to builders, industry associations, etcetera with a call to action; formed Board Task Force to deal with issues; completed correspondence with City of Surrey regarding their proposal for mandated Warranty; meetings with media representatives regarding compression of marketing plan; numerous discussions with B.C. Building Standards Branch, and Ontario NHW; retained Public Relations Company called Sage Group, to coordinate and assist in official submission response to government; will contact all construction associations and invite them to a special meeting to discuss submissions process; will contact all MLA's regarding our concern with Options document; will make second contact with all Registered Builders and impress upon them the need for their involvement; copies of corporate video were sent to all Ministries and shadow opposition ministries.

Upon considerable discussion the following motion was made -

M/S/C L. Grefish/B. Crum

...that the Board endorse actions taken to date on the Options document and support the ongoing action plan proceeding to preparation of the Company's submission to government.

The Board requested it be provided with a copy of the draft submission for its review. Upon circulation of the draft, the President will arrange for a Board conference call for Board input, following which the Company's submission will be delivered to government.

The meeting adjourned at 10 pm and was scheduled to reconvene at 8 am on April 29, 1994.

APRIL 29, 1994**PRESENT:**

G. Cruzet	B. Cram	R. Genest	D. Verge
L. Greish	S. Kingma	T. Litster	R. Moore
H. Rebneris	K. Sawatsky	R. Stewart	B. Tweed
N. Ziela	J. Zak		S. Smith

R.G. Kahn, Solicitor
R. McKinley, Auditor

The meeting reconvened at 8:20 am and was called to order by Chairman John Zak.

OPTIONS FOR RENEWAL

Discussion continued on the B.C. Government document with the following points being raised -

Timetable for submission overview

May 10	Sage to submit first draft to NHW for review
May	Second draft to be submitted to Board for review. Convene Conference Call.
May 23-30	Delivery of submission to Ministry of Municipal Affairs

It was agreed that the time frame is so short that the submission must be a singular focus. There is no room for errors.

Lobbying

Mr. Verge stated that after the submission is delivered, lobbying strategy would be discussed.

Advertising & Promotion

Mr. Tweed advised that the current PR budget had been compressed into a six month period with increased activity in all media, in all areas of the province.

Education & Training

It was suggested that NHW take a bigger and more active role in E&T with thought to actually producing the programs. Mr. Verge agreed to take it under advisement for the Fall agenda.

Government review of submissions

Mr. Verge stated that he had been advised that Mr. Jack Robertson (author of the document) would be the sole reviewer of submissions and that he would make his recommendations to the Minister. Mr. Verge requested that NHW receive a copy of Mr. Robertson's draft report. Mr. Robertson declined saying that public review prior to the Minister is not permitted.

NHW's Main Message in Submission

1. Maintain Status Quo, or
2. If change is absolutely required, use a refined Ontario NHW model.
3. Totally unacceptable would be a legislated Crown Corporation

Auditor Comments on Company Action to Options For Renewal

Mr. McKinley stated that he reviewed the paper and from a financial point of view the worst case scenario would be if the government stripped the company and denied it access to new business (Crown Corporation).

In his opinion the risk analysis indicates that \$19 Million should be in the risk fund, but then if down sizing is required, administration costs would be lower.

Mr. McKinley said he had been party to other government submissions and he felt that the NHW approach was far superior. He felt the Company will survive - but it will be a matter of size.

Legal Comments on Company Action to Options For Renewal

Mr. Kuhn wished to reserve his comments but offered to respond to questions from the floor. There were no questions.

1993 YEAR END SUMMARY

A preliminary review of the year end financial statements was made. It was noted that 13,000 home enrollments had been projected and 18,000 was the final figure. A formal review of the audited Financial Statement will take place at the June Annual General Meeting.

Mr. Verge advised that MICC mortgage insurance division had been purchased by GE Capital Corporation in the U.S.A. and he would be working closely with them to encourage them to support NHW.

SERVICE OFFICES

The Kelowna office is open and staffed by Neil McCulloch. Staffing and location of the Island office is continuing.

BOARD NOMINATION/SELECTION PROCESS

On May 13 the Review Committee will meet to review and qualify all applications. Appointments will be made in time for the June AGM.

ANNUAL GENERAL MEETING

June 9, 1994, in Kelowna, has been decided for the AGM. A reception for Okanagan Registered Builders will be held on the evening of June 9 and it is expected that those in attendance will support the Kelowna Home Builders Association Golf Tournament on June 10.

PROPOSED CHANGE TO COMPANY REGISTERED NAME

There have been several instances where building entities are offering "new home warranty", or a "five year new home warranty" on their product. At the moment none appear to have been successful.

NHW has been unsuccessful in trademarking the name New Home Warranty on the grounds the words are too generic.

In order for the Company to protect itself as much as possible, discussion was held on changing the registered name of the company from Pacific New Home Services, Inc., to something that would include "new home warranty".

It is not intended that the trading name of New Home Warranty Program of British Columbia and the Yukon be changed.

The following motion was made -

M/S/C K. Sawatsky/T. Litster

---that Mr. Bob Kuhn be directed to examine the possibility of changing the corporate name to Pacific New Home Warranty, Inc., or New Home Warranty, Inc., and further to prepare the necessary documents for the Shareholder's (CHBA-BC) approval.

The meeting adjourned at 12 Noon.



NEW HOME WARRANTY PROGRAM OF B.C. AND THE YUKON

MINUTES

BOARD OF DIRECTORS ANNUAL GENERAL MEETING

**June 9, 1994
Capri Hotel
Kelowna, B.C.**

PRESENT:

**G. Cruezot
R. Genest
T. Litster
K. Sawatsky
J. Zuk
R. McKinley, Auditor**

**B. Crum
S. Kingma
H. Rebneris
N. Ziola**

**D. Verge
R. Kuhn, Solicitor
R. Moore
B. Tweed
R. Wood
S. Smith**

Guests: David Yu & Gordon Ross, Bank of Montreal Investment

ABSENT:

L. Grelish

R. Stewart

The meeting was called to order at 9:10 am by Chairman, John Zuk. In his opening remarks Mr. Zuk reported that Leigh Grelish was recovering well following recent heart surgery and it is hoped we will all see him up and about shortly.

ADOPTION OF MINUTES

M/S/C G. Cruezot/K. Sawatsky

.....that the Minutes of the March 19, February 4, April 28 and April 29 meetings be adopted as circulated.

CHAIRMAN & PRESIDENT REPORT

A written report was included with the Agenda package and the highlights of this report are -

- Phenomenal activity in terms of profile improvement, market place improvement and financial improvement has been recorded.
- Board of Directors has been streamlined to 13 and a new Nomination/Selection process has been implemented.
- Articles of Incorporation were revised and a new Director Reference Manual was created and published.
- Record setting enrollments of 18,062 at year end.
- Record setting Builder registration of 1154 at year end.
- High levels of activity through the National Warranty Council were recorded with involvement in a comparative study of "New Home Warranty in Canada", conducted by Canada Mortgage & Housing Corporation.
- In conjunction with the CMHC study, the B.C. Program was requested by National Warranty Council to prepare two major documents on Warranty in Canada. The first one "New Home Warranty in Canada - A Profile" has been published. The second "A Corporate Standard for Warranty Companies in Canada" is in final review.
- The B.C. Program also prepares, publishes and distributes a cross Canada summary brochure on an annual basis.
- The Company played a major role in the 6th International Housing & Home Warranty Conference held in Washington, D.C. Mr. Verge moderated a Global Warranty Review panel and also represented Canada in a presentation on building structural defects. Mr. Litster presented Canada's national warranty overview to the Conference assembly.

- In addition to the Georgie Awards, the Company financially supported and actively participated in the Victoria CARE Awards and the Okanagan Housing Awards.
- The Board was complimented for policy improvements to allow for the extraordinary growth experienced, the profile improvement and the immense credibility the Company is enjoying.
- Sincere thanks was extended to the dedicated, skilled and energetic staff for effecting the necessary changes.

REVIEW OF AUDITED FINANCIAL STATEMENTS - February 28, 1994

The audited statements had been previously distributed with the Agenda. The Auditors' Report stated the audit was conducted in accordance with generally accepted auditing standards, and included examining on a test basis evidence supporting the amounts and disclosures in the financial statements. The audit also included assessing the accounting principles used as well as evaluating the overall financial statement presentation.

The Financial Statements disclosed that due to the extraordinary activity level during the fiscal year, the Company is in a healthy financial position. Expenses were rigidly controlled by Management and did not increase at the same proportion as income activity. Revenue increased by 10% over the October 1993 Revised Budget, while Expenses were 3% below the October 1993 Revised Budget. ✓

It was noted there are 65,000 homes still at risk with a potential dollar risk of \$6.8 Billion.

The high cash balance in the Administration Fund was being maintained in order to move quickly on the purchase of a Company building/property. The leases in the current premises expire on May 31, 1995.

Mr. McKinley conducted a thorough review of the Financial Statements and answered questions from the floor. He also noted that the Auditors conduct a random, unannounced mid-year audit and have always found procedures and practices to be exemplary.

Mr. McKinley noted that the very slight variance in \$ value of the investment portfolio between the audited statement and the Investment Counsel portfolio was due to market value at a given time.

M/S/C K. Sawatsky/H. Rebneris

.....that the Audited Financial Statements for the year ended February 28, 1994, be accepted as circulated.

STATISTICAL REVIEW

Mr. Verge presented a selection of color overheads which graphically illustrated Company activity since inception.

Mr. Verge opened his presentation by reminding the Board that the Company was born out of draft legislation by the NDP Government in 1975. This is documented in Hansard's Debates of the Legislative Assembly and is recognized as Bill 43.

Industry responded, and eventually after considerable consultation with government, the Bill was withdrawn which allowed for industry sponsored New Home Warranty.

Prairie Research Consultants have just completed a study of all warranty entities in Canada. This was done at the direction of Canada Mortgage & Housing Corporation and endorsed by the National Warranty Council. The report was initiated in part to respond to those private, profit oriented, companies who currently wish to be recognised by CMHC for high ratio financing. National Warranty Council discussion on the findings of the report have not taken place as yet, however the report clearly establishes that B.C. New Home Warranty is a global leader in Warranty provisions, claims and management.

In conclusion, Mr. Verge advised that while in Victoria, he and Mr. Zuk met with representatives of the Housing Ministry and the B.C. Housing Management Commission. Social Housing in B.C. is required, through a Federal mandate, to provide New Home Warranty on new housing. Provincially, the Social Housing community does not feel that Warranty is essential as they have their own "checks and balances" on the product they produce. Dissatisfaction with Warranty was expressed and Mr. Verge agreed to research their specific complaints and respond to them. Further discussion disclosed that



the Social Housing entities do not necessarily disagree with what Warranty does in relation to what it says it will do, rather that the coverage is too restrictive in terms of time and product.

LEGAL UPDATE

Mr. Kuhn advised there are two potential Small Claims actions and five active Supreme Court actions.

Mr. Kuhn further noted that there is no longer that simple "homeowner/new home warranty" relationship governing the Company. The extraordinary complexities of builder corporate structures has required a more extensive review of applications (and more consultation from a legal and financial point of view); the complexities of soils conditions and construction requirements has had a major impact on enrollment procedures and out of it all comes more complex complaint problems.

Mr. Kuhn stated today's complexities are also having their effect on Municipalities, Architects and Engineers and that in most cases, New Home Warranty is being enjoined in legal action by these groups, rather than Warranty initiating legal action.

Educational workshops have been conducted by Mr. Kuhn with the Inspector/Conciliators on staff at New Home Warranty. These legal information workshops will continue in keeping with Company policy that all Staff maintain the level of knowledge and skills required to perform.

A document review is underway although it has been somewhat slowed in light of the Options for Renewal government paper.

Mr. Kuhn concluded his report by stating he had reviewed the CMHC study, and extended congratulations to the Program on having the lowest \$ value of claims, and the lowest number of claims in relation to the number of enrollments.

OPERATIONS REPORT

Mr. Moore advised that the Kelowna office is now open and staffed by Mr. Neil McCulloch who will act as a technical representative for the Company.

The search continues for staff and location in the Nanaimo area. Several interviews have been conducted but a satisfactory conclusion has not been reached.

Statistical data and graphs provided in Mr. Moore's report substantiated the record level of activities in all departments. It was noted that over 50% of current enrollments were made by the highest risk builder (C category). Conciliations requested and processed had increased to 229 from the 153 the previous year.

Claims recovery of \$60,099 was 8.9% compared with 7.2% the previous year.

In conclusion, Mr. Moore presented a series of slides illustrating an innovative housing type to be taken under consideration for Warranty coverage. The multi unit projects are being marketed as "Artist Studios" wherein 30% of designated space is considered residential. The 70% balance is considered artist (commercial) space, but artist is not defined and visiting a couple of sites determined that "artist" includes architects, painters, sign makers, musicians, sculptors, etcetera.

Construction is new, steel and concrete, is in industrial areas, and is sold with unfinished walls, floors and ceilings, but includes an equipped kitchen and bathroom and plumbing for laundry facilities. Hallways are exposed concrete and a sound deadening flooring applied.

The question of which building code would apply and air exhaust systems to accommodate artistic activity are under discussion by staff.

The Board directed Management to obtain more information, prepare a synopsis for presentation to the Board for consideration.

INVESTMENT PORTFOLIO REVIEW

Mr. Ken McArthur of Nesbitt Thomson Investment Counsellors, who has handled the New Home Warranty portfolio, is on sabbatical and was unable to attend the meeting.



Mr. David Yu, Vice President, Fixed Income Investments, Bank of Montreal Investment Counsel Limited (BOMIC)(Toronto), and Mr. Gordon Ross, Senior Manager, Investment Services, The Trust Company of Bank of Montreal (Vancouver) attended to provide a report and to provide their opinions on the future economy.

Mr. Yu opened the presentation by announcing that Nesbitt Thomson had merged with the Bank of Montreal, with ownership being 60% Bank of Montreal and 40% Nesbitt Thomson.

The BOMIC division was formed in 1988 and is headed by Mr. Phil Heitner as President & CIO. Mr. Yu stated he (Mr. Yu) had 18 years investment experience and has been with the Bank of Montreal for 16 years and is supported by a staff of experienced analysts and advisors.

Included in BOMIC's Fixed Income philosophy are capital preservation, income maximization, liquidity, and risk minimization. Guidelines allow for a minimum "A" rating on investment instruments and do not include Bank of Montreal securities.

In his Economic and Financial Outlook, Mr Yu feels Canada has a bright future and the Canadian bond continues to yield the highest rate of return among the G-7 countries.

Internal political difficulties will continue to impact the fixed income market in the short term but Mr. Yu felt in the long term investment activity will become more attractive both domestically and internationally.

With respect to the New Home Warranty portfolio, Mr. Yu reported the Company had an average yield of 7.60% during the past year, which he felt was a very favourable position given the bond market.

In his review of Asset Distribution, Mr. Yu stated he would like the opportunity to recommend some changes, although he assured the Board the current distribution is secure.

Mr. Zuk thanked Messrs. Yu and Ross for the excellent, comprehensive and professional presentation.

REAPPOINTMENTS

M/S/C T. Litster/G. Cruezot

.....that the firm of Henshaw, Kjellbotn & McKinley be reappointed as Company auditors for the fiscal year 1994-1995.

M/S/C B. Crum/G. Cruezot

.....that Robert G. Kuhn be reappointed as Legal Counsel for the fiscal year 1994-1995.

M/S/C H. Rebneris/S. Kingma

.....that the Bank of Montreal Investment Counsel Limited (formerly Nesbitt Thomson) be appointed as Investment Counsellors for the fiscal year 1994-1995.

MARKETING REPORT

Mr. Tweed reported on the increased level of activity in the Okanagan and Vancouver Island areas. There have been special tabloids produced and distributed to over 230,000 homes resulting in a high level of requests through the switchboard.

Education & Training seminars with realtors and lenders continue with encouraging results.

Compressed budget expenditures continue and the question was raised on whether a review of the marketing budget would be undertaken at the six month period. Mr. Verge interjected that with the peril diminishing regarding the Options for Renewal, the Marketing strategy and budget will be revisited.

COMPANY NAME CHANGE UPDATE

Mr. Kuhn reported that the Registrar of Companies has approved a name change to "Pacific New Home Warranty, Inc."

Mr. Kuhn further stated that a request for "New Home Warranty, Inc." had also been applied for, and since this is the preferred name, he had not completed documentation on the already approved name.



Negotiations continue and Mr. Kuhn will keep the Company apprised.

BOARD NOMINATION SELECTION

In keeping with the Articles of Incorporation, the annual nomination and selection process was completed.

The Local Associations of CHBA submitted their recommendations, with support data, to serve on the 1994-1995 Board of Director of New Home Warranty.

The following changes will be in effect at the conclusion of the June 9 Annual General Meeting.

Mr. Leigh Grelish	Resigned
Mr. Jim Thompson	Appointed
(Kamloops)	

Reappointments are John Zuk, David Verge, Neil Ziola, Gary Cruezot, Richard Stewart, Bill Crum, Sid Kingma, Ted Litster, Ken Sawatsky, Rick Genest and Herman Rebneris.

OPTIONS FOR RENEWAL UPDATE

- The closing date for submission has been extended to June 30, 1994
- The Ministry of Municipal Affairs issued an amendment to the Options document, clarifying the errors of the description of the Ontario NHW.
- A Strategic Response Group, made up of the major construction associations, legal, architect and engineer professions, was held to discuss individual reactions to the Options paper. Twenty-four people attended the four hour meeting and the conclusion was that everyone wanted more consultation with government, wanted to remain industry driven, and were willing to work toward a uniform and united reform, rather than have government control the entire industry.

It was agreed that everyone would share draft submissions so that smaller associations lacking resources and staffing may benefit, and too, to ensure that despite individual association agenda priorities, the entire construction industry as a whole would present a strong message to government.

- Responses (as of May 30/94) to a Registered Builder survey prepared by the Sage Group provided the following -

97% disagree that a mandatory, government controlled warranty program is a good idea.

91% disagree that a mandatory, jointly controlled warranty program is a good idea.

79% agree that a mandatory warranty program solely under NHW control is a good idea.

97% agree the existing NHW is doing a good job.

81% agree one of the most serious problems is the presence of non-merchant builders.

76% agree one of the most serious problems is the inefficiency at the municipal level.

52% agree the B.C. Building Code is in need of overhaul
27% had no opinion

74% agree with establishing a Provincial Certification program for builders.

96% agree NHW is doing a good job overall

84% agree NHW is doing a good job supporting industry's E&T activities.

- Meetings were held with senior officials of Consumer Services, Ministry of Housing and BC Housing Management. Conclusions from that meeting are that some changes to Warranty will be looked for in the submission to the Options For Renewal. Some of the changes might be:-



A representative from the non-profit housing society be placed on the Advisory Board.

Strata deposits be covered by NHW

Coverage be changed from the current \$100,000 limit to the full purchase price.

Contract completion be included.

Renovations warranty be introduced

NHW assume responsibility of BC Building Code Appeals process.

Add significantly to E&T by developing and delivering programs.

Include non-residential construction

include detached outbuildings, walkways and driveways

Extend Workmanship & Materials to 2 years

Include water penetration for 2 years

Include roofing for 2 years.

That the MAP program become a standard. The Board requested along with the Minutes, a one page summary describing the MAP program be distributed.

Mr. Verge advised a meeting had been arranged for June 13 with the Honourable Darlene Marzari, Minister of Municipal Affairs and perhaps from the meeting there would be a better idea of the government agenda and what they are looking for.

Another meeting of the Strategic Response Group has been arranged for June 21 and attendance is expected to be high.

Extensive discussion followed and with a 7-2 consensus, it was agreed that the suggestion be made that NHW would provide a representative on the BC Building Code Appeals Board rather than assume responsibility for the process.

With respect to suggested improvement to the Municipal Act, Mr. Genest expressed disagreement with suggested wording which would, if accepted, make Warranty a requirement to receive a building permit. It was agreed the section would be restated to provide a model set of builder qualifications which could be used by municipalities in their building permit approval process.

Mr. Genest further expressed his opposition to NHW assuming the risk for strata deposit coverage. He felt the risk was too high for the Company to assume and he further doubted Clayton Research's data that such a move would save a home purchaser \$3000 in the purchase price.

M/S/C T. Litster/H. Rebneris *Opposed - R. Genest

.....that the Board approve the direction and spirit of the Options draft response and give Management direction to proceed as amended.

*Mr. Genest requested that his vote be recorded and that his opposition was mainly to the strata deposit coverage item.

MICC

G.E. Capital Corporation out of the U.S.A. has purchased the infrastructure of MICC and will be entering the mortgage underwriting business. The company is well funded and is currently conducting a study on CMHC. It is likely they will be universal in application (unlike MICC selection by economic regions) and will be toe to toe with CMHC and should be in operation by early fall.

RENOVATIONS WARRANTY

This has been put on hold until the outcome of the Options submission.



Annual General Meeting

-13-

June 9, 1994

OFFICE RELOCATION

Management is still seeking a suitable location.

COMPANY RECEPTION

The Board was reminded that all Okanagan Registered Builders had been invited to attend a Reception beginning at 6 pm.

A further reminder was given on Warranty's participation and support of the Kelowna HBA Golf Tournament the next day.

ADJOURNMENT

There being no further business, the meeting adjourned at 5 pm.

NEW HOME WARRANTY PROGRAM OF B.C. AND THE YUKON

MINUTES

BOARD OF DIRECTORS ANNUAL GENERAL MEETING

**November 15 & 16, 1994
Ocean Pointe Resort Hotel
Victoria, B.C.**

PRESENT ON NOVEMBER 15, 1994

G. Cruetzot	B.Crum	D. Verge	R. Kuhn
T. Litster	H. Rebneris	R. Moore	R. Wood
K. Sawatsky	R. Stewart	B. Tweed	S. Smith
J. Thomson	N. Ziola	J. Zuk	

ABSENT

R. Genest	S. Kingma
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The meeting was called to order at 7:30 pm by Chairman John Zuk with a special welcome to Mr. Jim Thomson who was attending his first meeting following his appointment as a Director. Special reference was made to a letter from Leigh Grelish expressing his appreciation for the opportunity of serving on the Board and Mr. Zuk advised that Mr. Grelish's health was much improved.

Regulatory Reform - Options For Renewal

Mr. Zuk opened the discussion by emphasizing how crucial this issue is to NHW and the association. He challenged everyone to become totally aware of what is taking place, to be responsive and to be active. He advised that key government members had received a copy of NHW's comprehensive response and that meetings had been held with the Honourable Darlene Marzari, Minister Municipal Affairs, the Honourable Joan Smallwood, Minister Housing, and Jack Robertson, Building Standards Branch. They have advised that once direction is established, they will call NHW and everyone will get to the table.

Indications are that over 300 submissions were received, however, a supplementary questionnaire issued after the closing date appears to be carrying substantial weight in the recommendation process.

The B.C. Building Safety Advisory Council (the official council for the B.C. Regulatory Reform - Options For Renewal) of which NHW is not a member, met on October 14. NHW was an invited guest with little opportunity to speak. At this meeting the Council concluded that warranty would help limit local government liability and further, that warranty should be mandated. However, "warranty" was not referenced in the conclusion. Instead -

"Consumer protection relating to residential construction should be mandated and provided by the private sector".

It was suggested consumer protection could be provided by the existing or a competitive warranty scheme(s) or by some form of insurance alternative, for example such things as letters of credit, letters of assurance, or perhaps performance bonding, etcetera.

At the October 14 meeting, discussion on certification indicated a need not only for builders, but also inspectors and other participants. They suggested this not be regulated but government may have input into minimum standards and regulation would be by various associations.

On November 1, Mr. Dave Magnusson (City of Surrey Planning Department), who serves as Chairman of the BC Building Safety Advisory Council, issued a draft letter to the Minister Municipal Affairs commenting on the October 14 meeting. NHW took exception to and responded to Mr. Magnusson on the following points:-

~ Mr. Magnusson's use of City of Surrey letterhead given that the Options document identifies the municipalities as the direct beneficiary of any regulations.

~ The Building Advisory Safety Council's position on a mandatory warranty is contrary to the Ontario model and ignores the wishes of the building construction industry in B.C.

~ Industry education and training already in practise has been ignored.

Mr. Verge continued the discussion noting that although NHW-BC is not required to report to any entity, it has been doing so on a voluntary basis by providing information to such agencies as the Superintendent of Insurance, and various provincial ministries. The Company has been operating in an "accountable" fashion, conducts regular actuarial risk studies, and is regularly audited by independent auditors.

The topic of the largest U.S. warranty corporation demise - the Home Owners Warranty (HOW) was opened. The State of Virginia Insurance Commissioner's Office have prohibited HOW from honouring previous commitments as well as from writing any new business. The State has determined that HOW is \$45 Million short of the amount needed for HOW to meet its future obligations.

The HOW situation is considered extremely important in light of the Options document and Mr. Verge has made every attempt to obtain as much information as possible.

HOW's formula for Risk Reserves was \$74. per unit at risk. The State has determined this should have been \$101. It is interesting to note some Canadian Risk Reserve comparisons:-

B.C.	\$265. per unit at risk is maintained
Alberta	\$161.
Ontario	\$185.
Quebec	\$215.

Another situation worthy of vigilance is Canada Mortgage & Housing Corporation (CMHC) is under review by the Federal Ministry of Industry for what is being perceived as a monopolistic practice in endorsing only the New Home Warranty Programs that currently exist. This matter is a major issue under review between the National Warranty Council and the 7 New Home Warranty Programs.

It is likely that G.E. Capital Corp will enter the mortgage insurance market shortly and it is not known if they will support a requirement for Warranty.

Mr. Verge advised that it is in the best interest of the Company to remain aware and use every resource to influence decisions and maintain an undiminished position.

Office Building

Mr. Verge advised long drawn out negotiations continue on the premises at 1777 West 75 Avenue in Vancouver. The Vendor's erratic demands with respect to price and time frames are proving to be frustrating.

Additional space across the hall in the current premises will be available for lease in mid January which puts NHW in the position of having to make a final decision on space. The preferred location is 75 Avenue and indications are that if the sale does proceed, a signing must proceed with haste. As a result the following motion was made -

M/S/C H. Rebneris/G. Cruzot

.....that the Company president be authorized to execute the purchase of the office building located at 1777 West 75 Avenue in Vancouver at a purchase price of \$2 Million and such price be exclusive of closing costs, moving costs and such furniture and fixtures as may be required.

Renovations Warranty

Mr. Verge reported that results of the survey administered and distributed through CHBA-BC Locals does not provide sufficient data to proceed with a renovations warranty at this time. The subject will remain open and continue to be examined. 4 of the 14 Locals did not respond. 29 responses were received in total. 21 of those indicated an interest and 8 declared no interest.

Multi Family Maintenance Manual

Mr. Verge reported that work has begun on the production of a maintenance manual directed to multi family buildings and their specific concerns regarding common elements. The hard costs for this manual are anticipated to be in the \$50,000 range and it is hoped some cost recovery will be obtained through sales to other than Registered Builders.

Legal Update

Mr. Kuhn reported there are 9 outstanding actions, 8 of which are supreme court level. Strata corporations are becoming the biggest problem area as they tend to back themselves in a corner with a militant attitude and are forced to litigate. In most cases NHW is enjoined in these actions.

Company Name Change

Mr. Kuhn advised the name "Pacific New Home Warranty Inc." is reserved to the end of the year.

"New Home Warranty Inc" is the name of choice. This name was refused and an appeal on a confidential basis has been launched by Mr. Kuhn and a reply is expected before the end of the year.

The third choice of "B.C. New Home Warranty Inc." requires provincial government approval and in light of the current Options document, it was not recommended that NHW proceed along this path.

Auditor Report

A written report submitted by Henshaw, Kjellbotn & McKinley, Chartered Accountants, indicate that their 6 month interim, unannounced audit indicates the accounting system is in very good order with records up-to-date and producing reliable information.

Marketing Update

Mr. Tweed commented that as a direct result of the Options document, the budget had been compressed to heighten government and public awareness.

Warranty Education & Training have expanded their audience to include property managers and the legal fraternity. Also included are presentations to the sales staff of new Registered Builders who are referred by Client Services.

It was requested of Mr. Tweed that consideration be given to new signs that can be used on empty lots owned by Registered Builders, indicating "this house will be covered...build to suit". Management advised against this suggestion on a question of legal responsibility.

Operations Update

Mr. Moore's report indicates increased levels in all departments affecting Operations Complaints/Claims. With the high level of builder registrations, enrollments, and increased public awareness of NHW, it is reasonable to expect that complaints increase.

A new area of concern presented by Mr. Moore is that of General Contractor/Vendor. Increasingly, Registered Builders are enrolling projects that are being built for merchant vendors. When the vendor sells the product, it is implied that it is fully covered by NHW although there is no contractual link between the vendor and NHW. NHW is usually not aware of the relationship until the units are occupied. Since the Vendor is the first owner his name and possession date are recorded on the Possession Certificate thereby perhaps excluding the consumer from some first year Warranty benefits.

NHW's position is that the consumer should be the beneficiary of the Warranty and consultation with Bob Kuhn has resulted in an addendum to the Agreement with Builder being prepared.

In future, every effort will be made to have the merchant vendor become registered and enroll the project. It is not intended to reduce registration criteria to accommodate the vendor and for some, additional security may be required.

Mr. Moore presented a series of slides indicating some very serious, increasing in numbers, stucco/water penetration problems. The visual impact of the problems generated lively discussion on education and training.

Mr. Verge pointed out that NHW has provided over \$1 Million to CHBA & UDI for Education & Training and yet the recommended topics, based on NHW claims analysis, are not being addressed. He further suggested that unless these very serious issues are addressed, NHW may be forced to provide its own E&T programs. Mr. Verge further pointed out that it is not the aim of NHW to enter into E&T programs, but unless NHW statistics influence what others are doing, there may be no alternative.

Considerable discussion took place on the type of E&T training courses that should be provided. It was noted that the current CHBA-BC Education calendar contains at least 6 courses that address some of the current need topics.

Further, correspondence received from D. Metcalf, Chairman of the CHBA-BC Education & Training Committee notes that additional courses will be developed as specific problem areas are defined.

Concern was expressed that Warranty builders have not made an effort to subscribe to education programs.

The Chairman challenged the Board to direct Management on education policies that should be initiated.

M/S/C N. Ziola/K. Sawatsky

....that Management send an "alert" to Registered Builders advising them of the NHW stucco concerns, and any other major deficiencies as they are identified, along with advice for Registered Builders to contact NHW if they have any questions.

At 12 Midnight, the meeting adjourned to reconvene at 8:30 am, November 16, 1994.

PRESENT ON NOVEMBER 16, 1994

G. Cruzot	B. Crum	D. Verge	R. Kuhn
S. Kingma	T. Litster	R. Moore	R. Wood
H. Rebneris	K. Sawatsky	B. Tweed	S. Smith
R. Stewart	J. Thomson	F. McCreath	
N. Ziola	J. Zuk		

ABSENT

R. Genest

Mr. John Zuk, Chairman, reconvened the meeting at 8:30 am and discussion continued on Operations Department problems relating to complaints and claims.

Mr. Moore indicated his written report contained a list of the 10 major concerns and advised that this list had been forwarded to CHBA and UDI for their consideration and action.

Highlights of the discussion centred around -

- how to get builders to take courses
- include others in education (designers, etc)
- should NHW make courses mandatory before registering a builder
- how to reach outlying areas
- should courses taken have positive effect on builder rating

Mr. Verge pointed out that close monitoring will continue and open discussion with CHBA will be ongoing to resolve E&T problems as it relates to NHW claims.

Budget

Mr. Ziola opened discussion by recognizing that NHW has been doing such a good job in increased builder registrations and enrollments that the budget must be revisited and adjusted in certain areas.

As of September 30, 1994 - Over Fiscal Budget
27% increase over budget in enrollments
40% increase over budget in revenue
07% increase over budget in expenses
257% increase over budget in accumulated surplus

A new format for the balance of the budget year was presented based on enrollment targets of 17,000, 19,000 and 22,000. If and when each target enrollment figure is attained, the higher column will automatically govern. In this way, Management will not be required to convene with the Board as enrollment figures are surpassed.

Mr. Ziola reviewed each page of the revised budget with the following notes:-

System Wide Overhead - Head Office lease costs were adjusted to reflect the possibility of leasing additional space in the present premises. Any additional furniture required would be capital expenditure and is not part of the operating budget.

Special Projects - Provision has been made for Builder Technical & Educational Bulletins; Special Government Studies; and a Multi Family Maintenance Manual.

It was further noted that NHW through marketing to CHBA Local Associations, will no longer promote social events, but rather will provide marketing funding for E&T programs.

M/S/C K. Sawatsky/H. Rebneris

— that the revised format budget, based on a 3-tier basis of 17,000, 19,000 and 22,000 enrollments for the balance of this fiscal year be adopted and further, than this format be used in the next fiscal year.

Mr. Verge advised that next year there will be an increase in technical staff, clerical staff, and that Legal Counsel will be retained on a regular basis of 4-5 days per month, and that with the complexities of high rise enrollments, a

Risk Management Update

Mr. Fred McCreath, CA, of MH Financial Consultants Ltd. noted that the purpose of his presentation was to deal with NHW enrollment fees which the Company receives and the steps taken to ensure that sufficient funds are on hand to meet all warranty obligations of the Company (claims).

To meet its obligations as a default underwriter, the Company created two funds to recognize the dual function of operating on a day to day business basis and to facilitate the payment of claims which arise under the obligations of the Warranty.

Administration Fund - All costs except claims and related costs are paid from the Admin Fund. Builder Registration fees are revenue to the Admin fund as are inspection fees charged in connection with new registrations.

Risk Retention Fund - Is reserved exclusively for the payment of third party claim costs. This fund is also charged with other claim costs such as legal costs and technical investigation costs and well as reinsurance premiums.

In his presentation Mr. McCreath noted that in many areas of the Company historical data is limited and in some cases non existent. This would be true of multi family claims for instance therefore historical data on claims paid are only a guideline for future expectations and are not a certainty in calculating future claims costs.

Mr. McCreath emphasized that in preparing a risk analysis, trends must be constantly watched, economic downturns and marketing must be considered as well as absolute calculations.

Mr. Verge noted further that risk analysis is a daily exercise within the Company and that vigilance is maintained. Mr. Verge advised that the Board would be kept apprised on a regular basis, and that a Risk Management report would be presented to the Board at least twice a year.

Business Strategy to 28 February 1977

The written report was distributed with the Agenda package and Mr. Verge noted that by the end of the 1994 fiscal year, 80% of adjusted housing starts will be attained by NHW.

It is anticipated the level of risk will increase if warranty is legislated and registration fee requirements will probably change.

There will be a shift of gears if GE Capital Corp and CMHC do not require Warranty.

It is important to make it known that NHW supports a mandatory warranty driven by this corporation.

Transfer of Gavel

Mr. Zuk expressed his thanks for the opportunity to serve as Chairman and he thanked the Board and Staff for their support.

The gavel was turned over to Mr. Gary Cruzot incoming Chairman along with Mr. Zuk's best wishes.

Presentation

Mr. Verge made a special presentation to Mr. Zuk along with sincere thanks for his extraordinary participation during an event filled year.

New Business

Richard Stewart announced his new career with Park Lane Ventures Ltd. to begin on November 21.

Mr. Cruzot announced that the next Board of Directors meeting is scheduled to take place on Thursday, March 30, 1995, in Vancouver, with a start time of 10:30 am. Further notice will be forthcoming.

There being no further business, the meeting adjourned at 12 Noon.



NEW HOME WARRANTY PROGRAM OF B.C. AND THE YUKON

MINUTES

BOARD OF DIRECTORS EXTRAORDINARY GENERAL MEETING

**March 30, 1995
Sutton Place Hotel
Vancouver, B.C.**

Present:

G. Creuzot	B. Crum	D. Verge
R. Genest	S. Kingma	R. Kuhn, Legal Counsel
T. Litster	H. Rebneris	R. Moore, Staff
K. Sawatsky	J. Thomson	J. Rasilainen, Staff
N. Ziola	J. Zuk	B. Tweed, Staff
		R. Wood, Staff
		S. Smith, staff

Regrets:

D. Metcalf R. Stewart

Chairman Gary Creuzot opened the meeting at 9am and those present introduced themselves personally. Mr. Creuzot explained that Mr. Metcalf was out of the country and unable to attend this, the first Board meeting since his appointment.

M/S/C J. Zuk/J. Thomson

.....that the Minutes of the November 15/16, 1994 meetings be adopted as circulated.

CHAIRMAN/PRESIDENT REPORT

Mr. Verge announced that the additional 2000 square feet of office space has been vacated across the hall from the Program's current space. A 3 year lease has been secured on the additional space which will allow the Company time to purchase either an existing suitable building, or land on which to build.

MANAGEMENT PROMOTIONS

Mr. Verge announced the promotion of Ralph Moore to General Manager, Corporate Technical Services. Part of Mr. Moore's position will include overseeing the company interests in industry education & training initiatives.

Mr. Jan Rasilainen was promoted to Manager Operations & Technical Services and will be responsible for the management of complaint resolution, claims handling, all field technical staff and technical support staff.

B.C. GOVERNMENT - OPTIONS FOR RENEWAL

Mr. Verge stated he felt the government is less likely to move against this company in the immediate future. In its Homes BC initiative, Joan Smallwood, Minister of Housing Recreation and Consumer Services announced that Warranty would be required on all new public housing.

The Union of BC Municipalities filed its submission with emphasis on liability risk to them flowing from building approval and inspection processes and recommending a mandatory warranty.

Surrey, Penticton and Pitt Meadows have proposed by-laws mandating NHW in their jurisdiction. It has been the Company's recommendation to the three municipalities that they wait until the provincial ministry has considered all submissions and published their recommendations.

CMHC/National Warranty Council

Pafco Insurance Company has requested recognition under the National Housing Act to provide new home warranty coverage. This request has been under debate for approximately 3 years and when denied by CMHC, Pafco applied to a higher authority. It is now clear that CMHC has no constitutional authority to preclude Pafco, or any other insurance company, from providing warranty coverage in a competitive market place.

Although discussion is ongoing between CMHC and NWC, it is quite likely the market will be opened up for competitive warranty services.

In respect of this, Mr. Verge requested that a Task Force be created to be proactive and examine a number of options available to ensure the long term health and welfare of the Company.

M/S/C

N. Ziola/T. Litster

(R. Genest opposed)

---that the Board authorize the President to proceed with the formation of a Task Force, comprised of the President and the 3 Past Chairmen, to examine enhancements to New Home Warranty, prepare a strategic plan and report to the Board at its Annual General Meeting, to a maximum cost of \$45,000.

Following the motion, discussion ensued concerning the Company's "Not For Profit" status which, Mr. Kuhn advised, is a tenuous ruling that is reviewed annually by the Minister. Mr. Kuhn further stated that if the status is denied to one NHW Program, all will likely be affected.

The "Not For Profit" status is an area where corporations like Pasco may challenge the ruling under an "unfair trade practise".

G.E. CAPITAL MORTGAGE INSURANCE CANADA

Mr. Verge advised that G.E. Capital had obtained their Federal and Provincial licenses and are currently in the process of approaching the banks for support. They are asking banks to sign a contract and it seems G.E. are meeting with some resistance.

The likelihood of G.E. Capital entering the Warranty business was discussed and since they are already in extended warranties (automobiles) in the USA, the possibility does exist that they may one day become a competitor.

DIRECTOR NOMINATION/SELECTION

Nomination documents have been distributed to all CHBA Local Associations with a deadline of May 1, 1995 to submit their nominations. Appointments are made consistent with the Company's Articles of Incorporation.

BUILDER RATINGS

Mr. Verge advised that the builder ratings criteria are under review and comments received from the Board and others will be taken into consideration.

1995 - 1996 OPERATING BUDGET

Neil Ziola opened his presentation by remarking that the budget being presented today was built on the variable budget approved by the Board on November 16, 1994. He assured the Board considerable time is put into the budget preparation by Management and himself and that several drafts are prepared prior to presentation to the Board for their approval.

No fee increases for Registered Builders are included in the budget, although services have increased considerably.

The distribution of income recognizes funding required to cover current business costs and funding required to accumulate reserves consistent with growth of the actuarial risk pool.

Since 1985, \$75. per enrollment has been allocated to risk reserves. Existing data shows that this level of funding is insufficient to allow for continual growth in risk, therefore in the current budget an allocation of \$107. per enrollment has been set aside to risk reserves in recognition of additional risk and the likelihood of some form of government regulation in the near future. Internal studies show a trend toward increased claims accompanied by increased cost of claims.

The increase to the risk pool will have no adverse effect on funds required for normal administration.

Except for two one-time expenses (computers and CHBA National Conference) the new budget reflects an overall increase of only 2-1/4% compared to the previous year.

M/S/C K. Sawatsky/J. Zuk

.....that the 1995-1996 Operating Budget be accepted as presented.

Mr. Ziola and Mr. Verge concluded the presentation with an overview of the interim financial statements for the 11 month period ending January 31, 1995.

CORPORATE NAME CHANGE

The Company has been researching several ways to protect the words "new home warranty". Application to trademark the words has been denied.

As an alternative, Legal Counsel has been working with the Registrar of Companies since September 1994 to change the Company corporate name (currently Pacific New Home Services, Inc.) to a name to include the words "new home warranty".

Consent has now been received to use either of :-

- New Home Warranty of British Columbia Inc.
- New Home Warranty Program Inc.

M/S/Amended G. Creuzot/D. Verge

----Legal Counsel be instructed to prepare the necessary documentation to change the Company registered name to 'New Home Warranty of British Columbia Inc.'

Board discussion on this motion revealed that companies often register several company names to protect their interests and given that the cost is only approximately \$1000 to register a name, and given the increasing evidence of warranty competition attempting to enter the market place, and given there are already several entities disguising systems and appliance warranties as home warranties, it might be prudent for this Company to register several names. Mr. Kuhn suggested the additional names Pacific New Home Services Inc. and Pacific New Home Warranty Inc.

M/S/C R. Genest/T. Litster

-----that Legal Counsel be instructed to prepare the necessary documentation to change the Company registered name to 'New Home Warranty of British Columbia Inc.', and further, to incorporate the additional names recommended by Mr. Kuhn.

M/S/C

J. Zuk/R. Genest

....that Legal Counsel be instructed to include the register of such names as 'Home Builders Warranty' and 'Home Owners Warranty.'

LEGAL UPDATE

Mr. Kuhn advised the Company currently has 16 legal actions, 4 of which are in small claims court. He noted that all of the actions have been initiated by others and NHW has been enjoined.

Mr. Kuhn further commented that the complexity of lawsuits is increasing as are the numbers. He cited a Winnipeg case where a builder was being held responsible 14 years after a building had been completed and Mr. Kuhn feels actions like this will open the flood gates.

In response to a question, Mr. Kuhn advised the Company has no soils related actions at the moment. Mr. Rebneris suggested that there be some education and training to builders on this issue, along with some legal advice on the use of geotechnical expertise.

MARKETING

In his review of the previously distributed report, Mr. Tweed advised the focus is on increasing the registered builder base. An aggressive series of workshops have been scheduled throughout the province and in Whitehorse.

A special NHW tabloid in conjunction with the Condo Guide, has been produced (with a circulation of 65,000), and others are being planned for the Okanagan and Kamloops areas.

The Education & Training section of Marketing continues to generate positive results and this year will be extended to Vancouver Island and the Okanagan.

Mr. Tweed pointed out that his extensive schedule has been designed to include opportunities for CHBA-BC to take advantage of the audiences and to participate and prospect for new CHBA members.

OPERATIONS

Mr. Moore commented on his previously distributed report by highlighting the increased levels of activity from builder registrations through to claims.

Mr. Moore turned discussion over to Jan Rasilainen who presented a new issue the Company is having to deal with and that is alleged product failure. During the past year several approved products are now being considered unsafe by the same authority who granted approval and where the home is warranted, the Company is becoming involved in solutions.

The largest issue at the moment is radiant ceiling panels on which the Company is unable to receive any results of investigative reports. Disconnect orders have been issued provincially which puts NHW in an awkward position in determining its responsibility. Until a ruling comes down on the cause of the problem (products? improper installation?) NHW has not considered complaints on radiant ceiling heating panels as a valid defect.

Operations staff are documenting all the product issues as the implications could be enormous.

NEW BUSINESS

Mr. Verge acknowledged to the Board that Ralph Moore and Rita Wood had recently completed 15 years employment each with NHW.

A copy of Consumer Housing Preferences in 1990's published by CHBA/CMHC was shown to the Board for their interest. Mr. Verge stated that each CHBA member is to receive a copy, however if any Board member is missed to let the Company know and a copy would be obtained for them.

A letter from R. Stewart, President of CHBA-BC addressed to the Board requesting sensitive data from Company records was presented to the Board for consideration.

M/S/C T. Litster/K. Sawatsky

---that the matter be turned over to the Company President to be handled at his discretion.

Mr. Thompson commented favourably on the Company's initiatives regarding stucco problems and encouraged the Company to do more along this line.

Discussion was held on Builder Ratings and it was suggested that a 'report card' be sent to builders along with their rating notice to indicate where they fell short for a change in rating.

NEXT MEETING

June 14 and 15 are scheduled for the Annual General Meeting to be held at the Bayshore Hotel. Further details will follow.

There being no further business the meeting adjourned at 2:20 pm.



MINUTES

TASK FORCE MEETING

April 13, 1995

Corporate Board Room
Vancouver, B.C.

PRESENT:

John Zuk Ken Sawatsky David Verge Fred McCreath
Sheila Smith

REGRETS:

Ted Litster

The meeting began at 9:30am with the distribution of the Agenda along with support reports previously circulated to all Directors.

TASK FORCE MANDATE

The Committee agreed the mandate was to prepare a report for the Board of Directors containing recommendations on the role, scope and purpose of NHW in the next 5 years.

DISCUSSION

This first meeting was more philosophical in content and the following items highlight the major topics -

COMPETITION

PAFCO INSURANCE COMPANY will not be denied access to the warranty market by CMHC and the National Housing Act. CMHC has concluded that it has no authority to exclude others. At the moment it appears CMHC criteria will be those underwriting benefits already provided by the NHW Programs in existence. The NHW Education & Training and industry support benefits will not be recognized.

How will competition affect NHW role in E&T funding?

CMHC does not want to become involved in establishing regulations - but rather, wants to focus on Crown issues (hi-ratio, federal housing, native



Task Force Minutes

-2-

April 13, 1995

housing). The National Housing Act currently governs regulations.

CMHC wants to refer Warranty matters to provincial Ministers of Housing.

Pafco - will they "cherry pick" builders and locations (i.e. Greater Vancouver, Okanagan, Island)?

will they have different levels of coverage?

will they accelerate their market share through select groups of brokers already in place?

does NHWP understand the regulations governing insurance reserves?

who are the regulators? provincial? federal?

will they appeal standards imposed on them by CMHC?

could challenge NHW not-for-profit status under "unfair trade practice".

obtain as much data as possible on Pafco.

CONCORD ADVANTAGE - huge project on Expo site.

will this corporate "own warranty" catch on?

distribute and examine Concord warranty.

G.E. CAPITAL CORP -

will they enter into home warranty in Canada? They are very large in U.S.A. in extended car warranties.



is it surprising they made no attempt to buy HOW?

they say their policy will require NHW. will it? for how long?

big threat to CMHC

GE powerful in U.S. Underwrite 2/3 of mortgages. Well financed.

OPTIONS FOR RENEWAL

will the government regulate warranty?

if so, will NHW administer?, or

will it be crown corporation, or

will it be mandated on open market?

will NHW be responsible for licensing of builders?

municipalities would like to see mandatory warranty with the view it would limit their liability. Is this fair assumption? —

UBCM has mistaken belief that Ontario minimizes municipal liability. Ontario holds municipality liable, but helps in inspector training.

municipalities have own captive insurance company. Have not paid much in claims, but spend a lot on defence.

will NHW assume a percentage of municipal liability?

municipalities have internal structural problems.....be vigilant on what may be downloaded.



- will it be necessary to enhance present coverage?
- if so, prepare cost analysis of proposed enhancements.
- if so, should enhancements be grandfathered?
- should NHW be finding process to influence change?
- does government have an expanded role in mind for NHW? (licensing, certification?)
- do local government bodies want to download high risk items to NHW? (approvals process, inspections)
- will government create a register of owner built housing?

GENERAL

- any enhancements should have real value, not merely to "look good".
- enhancements would increase builder risk (if NHW increases 1st year W&M) - would builders strongly object?
- enhancements would increase company risk
- enhancements are a double edged sword
- Supreme Court of Canada judgement re Winnipeg case - implied warranties at law set precedent. Being a Reg Bldr would be an advantage as limitations are clearly defined.
- should NHW own its own captive insurance company?
- should NHW consider becoming a profit oriented insurance company?



if so, what would its reserves have to be? Check with insurance regulators for details.

regardless of government decision on Options, or if government changes with election, municipalities will still be around and buildings standards branch will still be around.

obtain analysis of global warranties (UK, etc) who have 10 year warranties. Examine data for claims bulges and timing. Prepare new models based on reported data.

Include Section 6 of Options submission (pages 1-8) with Minutes.

what effect do environmental issues have on decisions?

could NHW sell its warranty directly to consumer?

should NHW provide a warranty on used housing?

renovations?

how will competition affect E&T?

Consult with Municipal Administrators on MIA claims and cost of claims. Confirm with MIA.

Distribute copy of in house warranty used by Canadian Adult Community (Kelowna)

The meeting adjourned at 4pm. The next 2 meetings are scheduled for May 3 and 4, 9:30 am, NHW Board Room.

MINUTES

TASK FORCE MEETING

May 3, 1995

Corporate Board Room
Vancouver, B.C.

PRESENT:

John Zuk	Ken Sawatsky	David Verge	Fred McCreath
Ted Litster	Sheila Smith		

The meeting began at 9:15am.

Mr. McCreath presented an extensive report on his investigative findings with respect to competitive warranties, and government regulations which would impact recommendations to be made by the Task Force.

Mr. McCreath's written report forms a part of these Minutes as Appendix "A".

The most significant item of Mr. McCreath's report was the Municipal Insurance Association of B.C. A copy of their Annual Report was obtained and reviewed by Mr. McCreath and his summary of this report forms a part of these Minutes as Appendix "B".

It is clear MIA perceive Warranty as a solution to Municipal housing claims problems and MIA was a major influence (through UBCM) in the Options document. The Committee agreed that NHW should encourage a relationship with MIA and study such issues as inspections, inspection fee structures, owner built housing.

2nd page MISSING

A Task List was prepared as follows -

1. Claims Data

- ~ Update count to 2/28/94
- ~ Count & summary to 2/28/94
- ~ Produce summary w/Operation Dept costs added to direct claims cost produce grossed up claims cost to equate to MIA claims cost.
- ~ Project revenue from offering extra 10 year to existing owners - estimate size of pool at time exposure will start at various interest rates.
- ~Make same projection assuming an October 95 start to universal 10 year warranty.
- ~Project claims cost from 10 year cover for MSD.
- ~Estimate claims cost and frequency for extending water penetration cover to various terms.
- ~Estimate as above for broader roofing cover both 24 months and adding to MSD.

2. Review Concord, Polygon & Cdn Adult Community warranties.

3. Put together package for Larry Nielsen at MIA and meet with him.

3a. Meet an actuarial firm re captive insurance.

4. Obtain questionnaires and include data in analysis. Prepare summary of responses.

5. Review GE Capital auto package & get extended warranty information from NRS, Sutton, etcetera, re under homes for sale - Also Pafco if possible.

6. Insurance vehicles - review

- ~captive - on shore
- ~captive - off shore
- ~full insurer - capital requirements, start up relative to losses/premium collection, etc. Loss reserves required

This part is to focus on technical insurance issues not product concerns.

7. Identify products that could form part of a basic warranty package and list add-on products (with costs if possible) that could be sold individually or in bundles. Include non-residential or mixed occupancy buildings.

WARRANTY INFORMATION QUESTIONNAIRE - APRIL 1995

SECTION 1

WORKMANSHIP AND MATERIALS COVERAGE

TERM IN YEARS (CIRCLE ONE)

1 2 4 4 5

WHO HAS PRIMARY RESPONSIBILITY

WHO HAS DEFAULT RESPONSIBILITY

BUILDER WARRANTY

TOTAL UNITS ENROLLED TO DATE

NUMBER OF UNITS WITH WARRANTY STILL IN EFFECT

NUMBER OF CLAIMS TO DATE

NUMBER OF CLAIMS PER 1000 UNITS ENROLLED

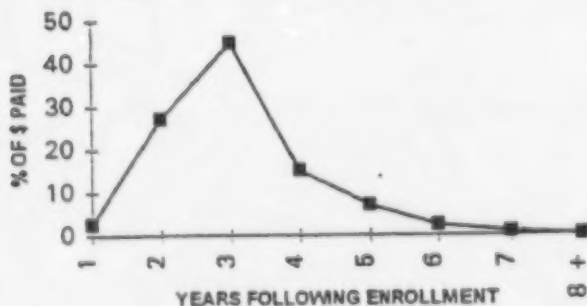
NUMBER OF COMPLAINTS

NUMBER OF CLAIMS REFUSED

NUMBER OF CASES REFERRED TO DISPUTE SETTLEMENT PROCESS

PLEASE PROVIDE A GRAPH SIMILAR TO THE FOLLOWING TO ILLUSTRATE YOUR CLAIM PAYMENT PATTERN RELATIVE TO OURS

WORKMANSHIP AND MATERIAL CLAIMS



AVERAGE AMOUNT OF TIME BETWEEN CLAIM BEING ACCEPTED BY WARRANTY AND CLAIM FILE BEING CLOSED (IN MONTHS)

TECHNICAL ADMINISTRATION COST PER CLAIM

TOTAL ADMINISTRATION COST PER CLAIM

DO YOU HAVE ANY STAFF WHO PERFORM WARRANTY REPAIRS? (CIRCLE ONE)

DO YOU EVER MAKE CASH SETTLEMENTS IN LIEU OF MAKING REPAIRS? (CIRCLE ONE)

HAVE YOU PAID OUT ANY CLAIMS IN EXCESS OF THE MONETARY LIMITS OF YOUR COVERAGE? (CIRCLE ONE)

HOW MANY CLAIMS

TOTAL COST

YES NO

YES NO

YES NO

SECTION 3

WATER PENETRATION COVERAGE

TERM IN YEARS (CIRCLE ONE)

1 2 3 4 5

WHO HAS PRIMARY RESPONSIBILITY

WHO HAS DEFAULT RESPONSIBILITY

BUILDER WARRANTY

HOW MANY YEARS HAS THIS COVERAGE BEEN AVAILABLE IN ITS PRESENT FORM?

TOTAL UNITS ENROLLED TO DATE

UNITS PRESENTLY SUBJECT TO COVERAGE

NUMBER OF CLAIMS TO DATE

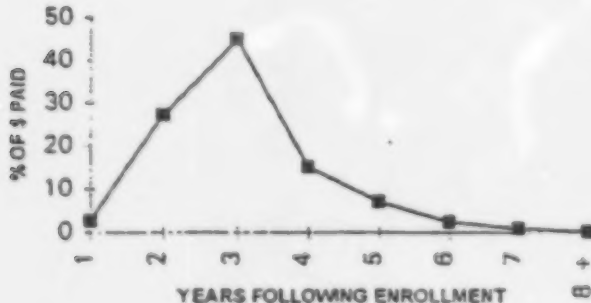
NUMBER OF CLAIMS PER 1000 UNITS ENROLLED

NUMBER OF COMPLAINTS

NUMBER OF CLAIMS REFUSED

NUMBER OF CASES REFERRED TO DISPUTE SETTLEMENT PROCESS

PLEASE PROVIDE A GRAPH SIMILAR TO THE FOLLOWING TO ILLUSTRATE YOUR CLAIM PAYMENT PATTERN RELATIVE TO OURS



AVERAGE AMOUNT OF TIME BETWEEN CLAIM BEING ACCEPTED BY WARRANTY AND CLAIM FILE BEING CLOSED (IN MONTHS)

TECHNICAL ADMINISTRATION COST PER CLAIM

TOTAL ADMINISTRATION COST PER CLAIM

DO YOU HAVE ANY STAFF WHO PERFORM WARRANTY REPAIRS? (CIRCLE ONE)

DO YOU EVER MAKE CASH SETTLEMENTS IN LIEU OF MAKING REPAIRS? (CIRCLE ONE)

HAVE YOU PAID OUT ANY CLAIMS IN EXCESS OF THE LIMITS OF YOUR COVERAGE? (CIRCLE ONE)

HOW MANY CLAIMS

TOTAL COST

YES NO

YES NO

YES NO

SECTION 4

GENERAL

ALL TYPES OF COVERAGE

HOW DO YOU DEFINE BUILDER NEGLIGENCE FOR PURPOSES OF DECIDING TO TAKE ACTION AGAINST A BUILDER TO RECOVER CLAIMS PAID?

DO YOU WARRANT REPAIR WORK UNDERTAKEN
IF YES, FOR HOW LONG, IN MONTHS

YES NO



**MINUTES
TASK FORCE MEETING
May 24, 1995
Corporate Board Room
Vancouver, B.C.**

PRESENT:

John Zuk	Ken Sawatsky	David Verge	Fred McCreath
Ted Litster	Sheila Smith	Frank Kingan, Actuary,	Watson Wyatt

QUESTIONNAIRE UPDATE

Insufficient data had been received from Sweden, Netherlands and England to create a model for discussion. And data that had been received, arrived by fax just prior to this meeting. Mr. McCreath stated that perhaps a personal phone call to each may elicit more information.

At present there is no better data than the Company's own. For instance England's water penetration issues revolve around brick and block foundations; in Sweden, a "major defect" is qualified by the \$ value for repair and is not necessarily structural.

It was agreed Mr. McCreath would review all the data again and prepare a spreadsheet prior to the next meeting.

CMHC/PAFCO UPDATE

It would appear that CMHC will require warranty competitors to meet the minimum standard set by the New Home Warranty corporations (e.g. Saskatchewan). CMHC are also requiring a conciliation process to be in place and are encouraging repairs to defects rather than "payouts".

It is expected that Pafco will target the biggest builders in the most active markets and it is speculated they will offer other incentives such as mortgage insurance.

MUNICIPAL INSURANCE ASSOCIATION (MIA)

Although the philosophies of MIA and NHW are different, it is felt that liaison with this group will be beneficial and it is hoped by sharing information NHW will be able to influence UBCM in resolving some of their liability problems. It is very clear that the majority of their claims do not involve merchant builders.

Ken Olive (Executive Director of MIA), along with his key associates have been invited to the NHW office at which time important exchanges of information and philosophy are expected.

WATSON WYATT WORLDWIDE

Mr. Frank Kingan, Actuary, (a Consultant with Watson Wyatt) attended the meeting to discuss risk financing alternatives. Mr. Kingan's presentation and the discussion that ensued, was extensive.

Throughout the Task Force review, the possibility of creating alternative and separate companies to respond to competition has been an agenda item. Mr. Kingan was requested to explain the various types of insurance companies, including the regulations, minimum funding, and non-profit status for any of them.

The alternatives reviewed were, reciprocal exchange for insurance; association captive insurance (B.C.); association captive insurance (offshore); society engaged in insurance; mutual insurance company; and commercial insurance company.

Some of the considerations for NHW to investigate risk financing alternatives are -

- ~ Forestall government intervention
- ~ Retain control and competitive edge in warranty delivery
- ~ Necessary vehicle to permit expansion/extension
- ~ Gain access to reinsurance markets
- ~ Remove exposure to "unfair practices" or "special status"
- ~ Facilitate implementation of any Options directives



Association Captive Insurance (B.C.) seemed to be the most viable should NHW decide to form an alternative company. Captive comes under the control of the Superintendent of Insurance and the regulations of the 1987 Captive Insurance Act. The Superintendent makes the decision on capitalization, but in discussion Mr. Kingan estimated it would be in the range of \$20,000.

Discussion reminded that certain aspects of NHW coverage is borderline under existing regulations (deposit coverage and transfer of liability to NHW in years 2-5/10) and the formation of an alternative company should be given serious attention.

Consideration will be given to a feasibility study.

ENHANCEMENTS

Any recommendations for enhancements/expansion of the current warranty product must be beneficial to both the Company and the beneficiary. The timing of any changes is important and it was felt that if changes are recommended, not all of them need be implemented at the same time.

Mr. McCreath is to expand his actuarial studies and create models for the next meeting.

In order to have adequate material for the Board meeting on June 15, it was decided additional information would be faxed to the Task Force and discussion of the material would take place with a

CONFERENCE CALL
THURSDAY, JUNE 1
9 am

There being no further business, the meeting adjourned at 4pm.



MINUTES
TASK FORCE CONFERENCE CALL
June 1, 1995
9:00 am

PRESENT: John Zuk Ted Litster
 David Verge Fred McCreath
 Sheila Smith

REGRETS: Ken Sawatsky

Mr. Verge began the meeting by commenting what little claims data had been received from overseas was somewhat flawed for our purposes because of some major differences in the process of storing the data.

Based on the past 7 years of activity within our own Company, and the inclusion of some assumptions, two actuarial models were prepared for discussion. One was based on a frequency of 18 claims per 1000 units enrolled and the other was based on 15/1000.

It was agreed the conservative model of 18/1000 should be used and the following recommendations were made based on that figure:-

1. Increase base warranty from 5 years to 10 years.
2. Move water penetration coverage to three years from the one year where it is included in the Workmanship & Materials portion.

NHW would assume liability for this coverage unless builder negligence was found.

The balance of the first year W&M would remain the same.

3. The average enrollment fee would increase to the \$495. range from the present average of \$285.



Water penetration was loosely defined as any water having ingress through the building envelope, and would exclude such things as lifestyle water problems (condensation) and failure to perform proper maintenance. A formal definition will be prepared by Management.

It was felt that this substantial change to coverage will lead to lower MSD claims \$ (caused by water penetration) by having water problems reported and dealt with at an earlier stage of the warranty period.

It was also felt that E&T on water penetration problems must be conducted on an ongoing basis, and it must be a primary mandate of NHW to be proactive and forceful in seeing that these E&T programs are carried out. It was clear in the discussion that NHW does not intend to create an E&T department, but rather must play a leading role in assuring that water penetration claims are reduced and that the home buying public is provided with a better product.

On the questions of whether a 7 or 8 year warranty or a 24 month water coverage would alter the statistics, the answer was that the results would be insignificant and not enough to affect the proposed fee structure.

It was noted that coverage changes will -

- a. affect documents
- b. pre-marketing
- c. hopefully satisfy the regulators
- d. provide better consumer protection

Discussion was held on the original proposed changes contained in the Options response, and the Task Force agreed what is currently presented is the wisest approach. A detailed explanation will be prepared for the Board on why the other proposals are not being recommended for implementation at this time.

On the question of risk underwriting alternatives, it was recommended that a motion be requested from the Board to continue this investigation.

The Conference Call adjourned at 10:30 with those present being in full consensus with the proposal and Management was directed to prepare a comprehensive report for presentation to the Board of Directors, along with the actuarial analysis.

NEW HOME WARRANTY PROGRAM OF B.C. AND THE YUKON

MINUTES

Board of Directors
Annual General Meeting

June 15, 1995
The Sutton Place Hotel
Vancouver, B.C.

PRESENT:

G. Creuzot	B. Crum	R. Genest	S. Kingma
T. Litster	D. Metcalf	H. Rebneris	K. Sawatsky
R. Stewart	J. Thomson	N. Ziola	J. Zuk
D. Verge	R. Moore	B. Tweed	R. Wood
R. Kuhn	R. McKinley	D. Yu	F. McCreath

Chairman Creuzot convened the meeting at 8:30am by welcoming Dave Metcalf to his first meeting since his appointment as a Director.

ADOPTION OF MINUTES

M/S/C K. Sawatsky/J. Zuk

.....that the Minutes of March 30 be adopted as corrected and that the Task Force Minutes of April 13, May 3, May 14 and June 1 be adopted as circulated.

(Correction to March 30 Minutes - Page 5; M/S/Amended: this motion was made by B. Crum, not G. Creuzot)

CHAIRMAN/PRESIDENT REPORT

The Board was referred to the comprehensive report dated March 30, 1995. Updated items were presented by Mr. Verge as follows:-

□ Canada Mortgage & Housing Corporation

A letter dated June 6, addressed to the President of CHBA-National, and signed by Gene Flichel, President of CMHC, states that CMHC has revised its new home warranty policy for the purpose of National Housing Act insurance and the policy now includes all new home warranty entities providing they meet the CMHC eligibility criteria. Pasco Insurance Company has received approval to provide high ratio warranty coverage under their program called "New Home Construction Quality Guarantee."

A copy of CMHC's criteria were previously distributed to all Directors.

□ 7th International Housing & Home Warranty Conference

The conference scheduled to take place in Melbourne, Australia has a revised date of October 20-24, 1996. Details will be circulated as received.

□ Sharing the Guilt

An article outlining recent Canadian court cases was distributed wherein these cases have ruled that building inspectors and the municipalities they work for must bear responsibility for construction negligence.

The article is timely given the Options for Renewal document which strongly advocates limiting Municipal liabilities.

AUDITED FINANCIAL STATEMENTS

Mr. Reg McKinley, Auditor with Henshaw, Kjellbotn & McKinley reviewed the audited statements which were completed in accordance with generally accepted auditing standards. Mr. McKinley further noted that the NHW accounting department is very efficient and there is rarely a need to make any adjustments.

Significant Accounting Policies were reviewed item by item and questions from the floor were answered. Of particular note was "Claims - Paid and Pending" wherein it is noted that where a claim is considered probable, funds are set aside and considerable time may elapse before the claim is actually paid out. All Claims costs include only the direct costs and the Company does not allocate any indirect costs that it incurs in processing the claims.

It was noted the Company continued to enjoy a healthy financial position as of February 28, 1995.

M/S/C J. Zuk/ J. Thomson

.....that the 1994-1995 Audited Financial Statements be accepted as presented.

Mr. Verge presented unaudited Financial Statements to April 30, 1995 for the current fiscal year. National economic conditions have produced a 47% decrease in enrollment revenues, however, there has been a substantial improvement in market share of housing starts (1994 = 65-68%; 1995=74-75%).

The introduction of a enrollment fee payment schedule for multi family builders has proved popular and has an effect on Company cash flow.

Several NSF cheques have been received by the Company but the situation has not yet prompted a bad debt account.

Mr. Verge advised that controls are in place to hold the line on expenses.

LEGAL UPDATE

Change to Corporate Name

Mr. Robert Kuhn reported that the new Company registered name is -
New Home Warranty of British Columbia Inc.
with the entire Board being named as Directors of the Company.

Subsidiary companies registered must have 5 Directors listed. The names of the subsidiary companies are:-

- New Home Warranty Program Inc.
- New Homeowners' Warranty Inc.
- Pacific New Home Services Inc.
- Home Builders Home Warranty Inc.
- Pacific New Home Warranty Inc.

M/S/C K. Sawatsky/T. Litster

---that the Executive Committee become Directors of the subsidiary corporations, namely these Directors would be, President of CHBA-BC; 1st Vice President of CHBA-BC; 2nd Vice President of CHBA-BC; Chairman of NHW; President & CEO of NHW.

Mr. Kuhn will prepare necessary documentation to maintain proper filings of these companies in British Columbia and the Yukon.

Director Liability

Mr. Kuhn reviewed responsibilities and liabilities of NHW Directors. The main responsibility of Directors is to act honestly and in good faith and in the best interests of the Company. The Board is established mainly to set policy and Directors are not expected to act as agents for the Company except where authorized by resolution. Mr. Kuhn further reminded that Section 149J of the Income Tax Act and its not-for-profit status is important to the Company.

Sensitive Soils

Mr. Kuhn reported liability is increasing with respect to subsurface conditions, environmental contamination, lack of lateral and vertical support.

Actions Outstanding

Small Claims Court - 2

Supreme Court - 10 against NHW
2 by NHW against 3rd parties.

Mr. Genest suggested that since Supreme Court Actions are public knowledge, NHW should disclose all the facts of these cases. Management expressed concern with respect to builder confidentiality and premature disclosure of information. After discussion the following motion was made -

M/S/C R. Genest/K. Sawatsky

---that on major court case claims, written reports be provided to the Directors at designated Board meetings, providing plaintiff/defense information along with the extent of the claim.

Implied Warranties vs Expressed Warranties (e.g. New Home Warranty)

The Winnipeg Condominium Corporation No. 36 v. Bird Construction Company found against the builder for defects which manifested themselves 20+ years after the building was constructed. It is felt that had this builder been registered with New Home Warranty, he would not have been found liable with the provision of a specific and expressed warranty.

It is felt this type of action will likely increase and that NHW should use this information as an advantage to registered builders. The suggestion to recommend inclusion of an "expressed warranty" clause in builders' purchase and sales contracts raised the question of NHW liability for making such a suggestion and reliance thereon. No decision was made.

INVESTMENT REPORT

Mr. David Yu, VP Fixed Income Investments with Bank of Montreal Investment Counsel Limited presented an annual review of the NHW portfolio with respect to performance, structure and policy compliance.

The average annual return on investments was 13.14% and the Company policy of conservative investments will continue.

Mr. Yu pointed out that consumer confidence remains low and can be attributed to high interest rates, a soft economy and a weak job market. Inflation remains low and compared to other countries Canada is doing quite well.

The outlook for BC in 1995 and 1996 was presented as a slower economic growth with bright spots in the forestry sector and tourism, and soft spots in consumer spending and residential construction.

In his presentation Mr. Yu provided a series of graphs indicating global and national economic trends. It was requested that Mr. Yu provide the Company with an updated set of graphs in 3 months time.

OPERATIONS REPORT

Mr. Moore's report was previously distributed and it was noted that for the fiscal year 1994-95, builder registrations and enrollments increased. Although the year ended with relatively low claims costs, there are high dollar claims

pending. Claims recovery is in the 12% range.

Mr. Moore reported he had presented 16 Education and Training Seminars since January 1, 1995 with over 750 attendees representing many industry participants (architects, engineers, builders, etc). The topic was Top 10 Warranty Problems. It is planned that these seminars will continue.

In discussion that followed it was pointed out that NHW is not receiving the desired level of E&T from CHBA-BC programs and the Company feels compelled to be actively involved in designing and presenting topics to augment CHBA initiatives. In order to reduce claims costs, promote industry professionalism, and upgrade skills in the work force, NHW will continue to identify problem areas - with the desire that others will deliver the education programs.

Mr. Verge stated that as underwriters of risk, it is not the Company mandate to provide E&T programs. Nor is it the Company intent to impede CHBA or UDI E&T programs, but rather, the Company is in a position to be part of the solution in identifying problems.

Mr. Metcalf, Chair of E&T for CHBA-BC made a personal commitment to ensure technical seminars will be included in CHBA's programs.

Mr. Moore announced there were 6 new Master Builders this year. Builder Rating criteria review has been delayed as a result of the Options document; but it is intended that this review continue.

MARKETING REPORT

Mr. Tweed reported that he had presented workshops to 30 different communities with in excess of 1000 participants representing builders, lenders and realtors. CHBA participated in all but 5 workshops giving them an opportunity for membership recruitment. Analysis of the workshops indicate a high volume of "owner built" housing; NHW has a high visibility with signage and posters; a number of workshop attendees have made application with NHW; a strong desire for technical E&T surfaced; and there is an interest in CHBA membership.

RISK ANALYSIS

Mr. Fred McCreath of MH Financial Consultants presented a Risk Management Summary to February 28, 1995. Through a series of visual slides Mr. McCreath explained the complexities of revenue distribution which is based on the accounting principle of matching costs and revenues. The standards for risk retention funds are constantly under review and findings are based on historical claims experience and projected future losses. This fund is established to ensure there are adequate funds in reserve to meet all warranty obligations on housing remaining at risk.

Funding must also be allocated to administration to handle the daily processing of builder registrations, home enrollments, claims and general administration.

In order for the Board to review the data presented, Mr. McCreath provided written copy of his presentation.

REAPPOINTMENTS

M/S/C N. Ziola/J. Thomson

.....that the firm of Henshaw, Kjellbotn & McKinley be reappointed as Company auditors for the fiscal year 1995 - 1996.

M/S/C D. Metcalf/S. Kingma

.....that Robert G. Kuhn, Solicitor be reappointed as Legal Counsel for the fiscal year 1995 - 1996.

M/S/C K. Sawatsky/H. Rebneris

.....that the Bank of Montreal Investment Counsel Limited be reappointed as Investment Counsellors for the fiscal year 1995 - 1996.

TASK FORCE REPORT - PROPOSAL TO ENHANCE WARRANTY COVERAGE

The Task Force comprising John Zuk, Ken Sawatsky, Ted Litster, David Verge was formed to examine NHW enhancements, and prepare a strategic plan for presentation to the Board at the AGM.

The Task Force held 4 meetings and consulted with Actuaries, the Municipal Insurance Association (MIA), the Superintendent of Financial Institutions, and other Warranty Programs (both National and International).

The issues were determined to be (1) municipal liability, (2) MIA excessive claims and the peril from the Financial Institution Commission, (3) competitive warranty companies, (4) the Options document issued by Municipal Affairs, (5) intergovernmental report that refers to 10 year warranties on all homes - new and used - owner built and merchant built.

Since CMHC has cleared the way for Canadian insurance companies to enter the new home warranty business, consideration was given to creating alternative insurance structures should it become advisable to meet challenges through an entity other than a not-for-profit corporation. It was the collective view of the Task Force that the subject matter is complicated and will require considerable additional study before it would be prepared to make any recommendation to the Board on this issue.

Discussion was held on Education & Training and its positive effect on claims frequency and severity. The E&T discussion expanded into Building Inspector Association plans to examine inspector certification and the educational programs this would entail.

To address the major contentious issue - the Options for Renewal document - and the recommendations made by New Home Warranty in its response to the Options document, the Task Force presented the following recommendations to the Board -

- a) that NHW increase its base warranty from 5 years to 10 years;
- b) that NHW increase water penetration through the building envelope from 12 months to 24 months. The first 12 months would continue to be

builder responsibility as defined in the Workmanship & Materials portion of the warranty. Responsibility for the second 12 months would be assumed by NHW.

- c) that roofing be included as a major structural component.
- d) that NHW offer its resources as an active participant in the change process currently being undertaken by government, to assist in bringing about orderly and acceptable change.
- e) that NHW continue to support industry association initiatives in Education & Training, with the understanding that NHW will include technical issues for inclusion in education programs, and that Management consult with the B.C. Building Inspectors' Association to examine the possibility of NHW assistance in developing the BCBIA certification program.

All other issues, as outlined in the Task Force Report, were placed in reserve for future consideration and no action is recommended at this time.

Mr. McCreath presented his risk analysis with respect to enrollment fees and potential administration and claims costs. Several calculations were presented based on various factors and the following was recommended -

Current Average Enrollment Fees

5 Year	\$285.00
10 Year	\$490.00 Approx

Proposal will include Water Penetration coverage to the 10 year coverage.

A copy of a confidential report, entitled 'Report on Building Liability' was distributed to the Board. This report issued in September 1994, (after the closing of the Options submission) continues to dwell on how to download municipal liability as the MIA appears to be at risk financially; and a mandatory warranty program in some form is seriously considered as a salvation to municipal woes.

The report also refers to building inspector certification, builder certification, municipal authority to withhold building permits from 'problem builders', mandatory home inspection by purchasers, mandatory home inspection by vendors.

Given the makeup of the group involved in this report (e.g. Ministry of Attorney General, Ministry Municipal Affairs, Senior Policy & Legislation Analyst, UBCM, Building Standards Branch, and others) this document was given serious review by the Task Force and it is their opinion the report contains serious adverse implications for NHW if NHW does not become proactive and take a lead role of influence to changes.

Considerable discussion followed on the Task Force recommendations and the highlights of the discussion are -

- After the implementation of education programs, the Ontario NHW water penetration costs decreased.
- Changes are inevitable and if NHW does not take initiative and implement some from its side, any control or influence on outcome of major changes will be lost.
- It is felt government is expecting NHW to make changes as outlined in response to Options document (If It Ain't Broke, Don't Fix it) and changes will send signal that NHW is responsive and receptive to change.
- Builders will resent fee increases required to implement changes.
- Timing is bad to implement changes due to soft housing market.
- Fear that fee increases will erode builder registration roster.
- How will recommended changes solve Municipal liability? It might not, but it will send a strong signal that the industry is a strong ally.
- Changes are required for perception and political reasons; "10 years" is a constant throughout the government documents as a reasonable time frame for protection.
- Certain areas do not have water problems.....why should those builders be forced to pay for and provide this coverage? The response was that all areas have their own specific problems (e.g soils problems) but coverage must be provincial not local.

-
- Water problems are mainly HiRise problems.....why should Single Family be included? Disputed - water problems in both are different.
 - B.C. Warranty has the least expensive fees in country and this will continue to be so if changes and higher fees are implemented.
 - NHW provides some legal protection to builders - 'expressed coverage -vs- implied coverage'.
 - NHW originated in 1976 by solving a government perception problem in Alberta.

M/S/C R. Stewart/N. Ziola

....that the Board approve in principle the recommendations of the Task Force, with the provision that Management survey Registered Builders on the proposed 10 year coverage, and that 50%, plus one (1) of respondents will be the deciding factor, and the results will be presented at the October 12 Board meeting.

1995-1996 DIRECTOR APPOINTMENTS

The Nomination/Selection Committee announced the following Board appointments:-

Chairman	G. Creuzot	Director	B. Crum
President & CEO	D. Verge	Director	T. Lister
Treasurer & CHBA VP	N. Ziola	Director	K. Sawatsky
CHBA-BC President	Richard Stewart	Director	J. Thomson
CHBA-BC Vice President	D. Metcalf	Director	R. Genest
Past Chairman	J. Zuk	Director	H. Rebneris

The position left vacant by S. Kingma will be filled by J. Zuk who was nominated by Kelowna HBA and this move will be coincident with the change in Chairman at the fall AGM of CHBA-BC.

Mr. Kingma was thanked sincerely for his contribution to the Board.

The meeting adjourned at 4:35pm.

MINUTES

TASK FORCE MEETING
September 14, 1995
NHW Board Room - 9:00 am

PRESENT:

T. Litster
D. Verge

K. Sawatsky
F. McCreath

J. Zuk
S. Smith

G. Creuzot
R. Moore

Since being given direction by the Board at its AGM of June 15, 1995, to conduct a Registered Builder survey on Warranty enhancements, and report the findings to the Board at its meeting scheduled for October 12, two extraordinary incidents occurred which would influence the Task Force recommendations accompanying the tabulation of the Registered Builder Survey.

△ Incident Number 1

During the period July 22 - August 19 relentless, high profile media coverage was given to "water penetration" problems in condominium buildings.

Media vehicles used were Vancouver Sun, Toronto Globe & Mail, Journal of Commerce, Vancouver Courier, Victoria Times Colonist; Radio CKNW Talk Shows hosted by Gary Bannerman, Bill Good; CBC Radio, BCTV and CBCTV, prime time newscasts. (NHW has a library of all the audio and video tapes of these broadcasts as well as copies of written reports)

Participants in the media coverage included Jack Robertson (Building Standards Branch) and Honourable Joan Smallwood, Minister Housing, Recreation & Social Services.

The housing industry in general was slammed for shoddiness and incompetence and the figure of "80% of condominium buildings experience severe water problems" was consistently reported.

NHW has determined that only one of the reports involved a Registered Builder and that particular project had already been assessed by NHW and the findings were in favour of the builder, which NHW continues to support.

All other reports involved non-registered builders wherein lies government's dilemma in how to deal with the consumer loss issues.

In her initial TV newscast, Joan Smallwood commented that government would seek to find a way to compensate home owners who have suffered financial losses.....a comment which was never repeated in subsequent interviews.

There is no doubt Government is in the "hot seat" over this issue and is compelled to present the public with a solution.

Joan Smallwood announced that a Task Force was to be formed and that a statement and action would be forthcoming.

△ Incident Number 2

NHW was invited to participate in an Industry-Government Task Group on Defective Condominium Construction.

David Verge was represented by Ralph Moore at the inaugural meeting held on September 8, 1995. Mr. Moore presented an overview of the meeting (no minutes of the meeting are currently available). Highlights of the meeting are:-

Meeting - 10:30am to 12 Noon, at Canada Place, Vancouver

Attendance included - several government ministries, NHW, CHBA, UDI, Condominium Home owners Assn, Real Estate Management Assn, Co-op Federation of BC, and others.

Host - Honourable Joan Smallwood, Minister Housing, Recreation & Consumer Services.

Chair - Cassie Doyle

Objective - Government wants industry to come up with solutions to water problems in residential housing. This includes prevention of future problems in new housing, as well as a way to provide protection for potential problems in existing housing. Government is also seeking ways to provide blanket consumer protection in the building/purchasing of all new housing.

Deadline - 6-8 weeks from first meeting of September 8

Next meeting - 3-4 weeks at the call of government.

NHW Observations - No guidelines were given by government; no leadership among the participants was evident; no specific breakdown of issues were presented for examination.

NHW Speculation - (a) Government may already know exactly how it is going to handle the situation and the process is merely one to report that "industry was consulted"; (b) Government is looking for industry leadership in jointly solving the issues.

Registered Builder Survey

At the June 15, 1995, Annual General Meeting, the Task Force presented recommendations on enhancing Warranty coverage. A copy of the recommendations and an ensuing motion are attached.

As requested in the motion, a Registered Builder Survey (copy attached) was created and mailed to all Registered Builders on July 31, 1995.

Survey Tabulation Copy Attached

Results indicate 24% of Registered Builders responded and included their identification. (This average is considerably higher than a survey trade average of 14-17%)

49% of respondents were Single Family builders

51% of respondents were Multi Family builders

41% of respondents represented Lower Mainland

25% of respondents represented Vancouver Island

22% of respondents represented Interior

11% of respondents represented North

0.8% of respondents represented "other"

92.7% of respondents strongly favoured Question 1

95.3% of respondents strongly favoured Question 2

93.0% of respondents strongly favoured Question 3

90.4% of respondents strongly favoured Question 4

98.5% of respondents strongly favoured Question 5

76.5% of the respondents voted YES to Question 6

85.7% of the respondents voted YES to Question 7

98.8% of the respondents voted YES to Question 8

In assessing the Survey Tabulation, the Task Force reviewed the actual survey returns which gave them privy to the numerous builder comments included with the returns.

It was a Task Force recommendation that the returns be made available at the next Board meeting for those Directors who wish to review them.

M/S/C K. Sawatsky / T. Litster

.....that in accordance with the very high Registered Builder majority vote in support of the Task Force recommendations to enhance the Warranty coverage, it is recommended the Board of Directors ratify the recommendations presented at the June 15, 1995 Annual General Meeting.

△ Resultant New Business

Given that government has formed a committee to address water problems with housing and given that 90% of the Registered Builder survey respondents indicate support for NHW involvement in working with government to assist in resolving government liability problems, the Task Force feels that NHW must send a clear message to government that it is ready to improve the system.

Task Force discussion concluded that it is not enough for NHW to enhance its coverage and ignore the broader non-warranty industry/government housing issues, which includes the liability problems being experienced by municipalities.

The Task Force felt that once again, NHW should assume a leadership role and presented the following motion -

M/S/C J. Zuk/G. Creuzot

.....that the Board of Directors give direction to the Task Force to examine issues involving governments and NHW, and to report its findings at a later date. The Task Force should be given the liberty of inviting, from time to time, other industry representatives and such others as may be identified to assist in the process.

MINUTES

BOARD OF DIRECTORS EXTRAORDINARY GENERAL MEETING

CONFERENCE CALL
SEPTEMBER 27, 1995
8:30am

PRESENT:

G. Creuzot	B. Crum	R. Genest	T. Litster
D. Metcalf	H. Rebneris	K. Sawatsky	R. Stewart
J. Thomson	N. Ziola	J. Zuk	D. Verge
R. Kuhn	B. Tweed	R. Moore	S. Smith

The meeting was called at the request of the Task Force studying Warranty enhancements. Chairman Creuzot reminded the Board that the Conference Call represented a fully constituted Directors' meeting.

Mr. John Zuk opened the discussion by stating that the subject of Warranty enhancements and the formation of a Task Force was the direct result of the Options for Renewal document issued by the BC Ministry of Municipal Affairs in March 1994.

A comprehensive Task Force Report is included in the Minutes of the June 15, 1995 Board meeting. While the Board approved the recommendations in principle, direction was given through a motion to conduct a builder survey. A 50% + 1 of respondents approving the Task Force recommendations was to be the decision to proceed with implementation of Warranty enhancements.

The Task Force met on September 14 to review the survey results. The most contentious survey question was Number 6 dealing with expanding the base Warranty from 5 years to 10 years. 76.5% of respondents were in favour.

The remaining 7 questions received favourable responses in the ranges of 85.7% to 98.8%.

Based on these survey return results and further, in evaluating a recent media outburst attacking the housing industry (in which government officials were included) and a resultant government task force being formed, the Task Force recommended that the Board of Directors ratify the recommendations made at the June 15, 1995 Annual General Meeting.

Following Mr. Zuk's opening remarks, discussion was lengthy, vigorous and strong opinions for and against were expressed.

Three motions resulted from the discussion.

M/S/C J. Zuk/H. Rebneris (Unanimous)

----that the Board of Directors give direction to the Task Force to examine issues involving governments and NHW, and to report its findings at a later date. The Task Force should be given the liberty of inviting, from time to time, other industry representatives and such others as may be identified to assist in the process. Examination of issues will include, but not be limited to, those items a) through h) on Page 5 of the September 14 Task Force Minutes.

M/S/C J. Zuk/T. Litster (7 For, 4 Against)

----that the Board of Directors implement the Task Force recommendations to enhance Warrant coverage as presented at the June 15 Annual General Meeting, with implementation to be effective not later than the commencement of the 1996 fiscal year.

M/S/C D. Metcalf/R. Stewart (Unanimous)

----that the previous motion be rescinded and any further discussion on this issue be tabled until the October 12 Board of Directors meeting.

OCTOBER 12 BOARD OF DIRECTORS MEETING

The meeting will take place at the Sutton Place Hotel in Vancouver, commencing at 1:30 PM to accommodate CHBA council meetings taking place in the morning of the same day.

The Conference Call adjourned at 10:30am.



MINUTES

BOARD OF DIRECTORS EXTRAORDINARY GENERAL MEETING

CONFERENCE CALL
SEPTEMBER 27, 1995
8:30am

PRESENT:

G. Creuzot	B. Crum	R. Genest	T. Litster
D. Metcalf	H. Rebneris	K. Sawatsky	R. Stewart
J. Thomson	N. Ziola	J. Zuk	D. Verge
R. Kuhn	B. Tweed	R. Moore	S. Smith

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M/S/C J. Zuk/H. Rebneris (Unanimous)

—that the Board of Directors give direction to the Task Force to examine issues involving governments and NHW, and to report its findings at a later date. The Task Force should be given the liberty of inviting, from time to time, other industry representatives and such others as may be identified to assist in the process. Examination of issues will include, but not be limited to, those items a) through h) on Page 5 of the September 14 Task Force Minutes.

M/S/C J. Zuk/T. Litster (7 For, 4 Against)

—that the Board of Directors implement the Task Force recommendations to enhance Warranty coverage as presented at the June 15 Annual General Meeting, with implementation to be effective not later than the commencement of the 1996 fiscal year.

M/S/C D. Metcal/R. Stewart (Unanimous)

—that the previous motion be rescinded and any further discussion on this issue be tabled until the October 12 Board of Directors meeting.

OCTOBER 12 BOARD OF DIRECTORS MEETING

The meeting will take place at the Sutton Place Hotel in Vancouver, commencing at 1:30 PM to accommodate CHBA council meetings taking place in the morning of the same day.

The Conference Call adjourned at 10:30am.

MINUTES

BOARD OF DIRECTORS
EXTRAORDINARY GENERAL MEETINGOctober 12, 1995
The Sutton Place Hotel, Vancouver

PRESENT:

G. Creuzot
D. Metcalf
J. Thomson
R. KuhnB. Crum
H. Rebneris
N. Ziola
B. TweedR. Genest
K. Sawatsky
J. Zuk
R. MooreT. Litster
R. Stewart
D. Verge
S. Smith

The meeting was called to order at 1:30 pm by Chairman G. Creuzot. A revised Agenda was circulated along with departmental reports.

M/S/C J. Zuk/T. Litster

.....that the Minutes of June 15 be adopted as corrected and that the Minutes of September 14 and September 27 be adopted as circulated.

Correction to June 15 Minutes - Page 8, last line, should read

b) that NHW increase water penetration through the building envelope from 12 months to 36 months.

ENHANCEMENTS TO WARRANTY - A REVIEW AND POSITION

Mr. Verge circulated a report providing background and the current company position with respect to Warranty enhancements which arose as a result of the March 1994 Ministry of Municipal Affairs document entitled "Building Regulatory System in British Columbia - Options for Renewal".

The Board of Directors gave direction that NHW respond to the document. Not only with reference to a 10 year warranty, but to provide correction on the erroneous reports regarding the Ontario New Home Warranty Program as a Crown Corporation.

In the preparation of the submission, with the guidance of The Sage Group, a number of industry wide meetings were held. Open discussion with the various industry associations (13 in total, plus NHW) resulted in the eventual submission which received approval from the entire group as well as the NHW Board of Directors. Copies of the NHW submission (If It Ain't Broke, Don't Fix It) were widely distributed within the government in June 1994.

In January 1995 the Union of British Columbia Municipalities (UBCM) filed its submission (UBCM received an extended deadline for their submission) and in part recommended a mandatory 10 year warranty plan to help limit Municipal liability referencing claims compiled by the Municipal Insurance Association. NHW met with MIA on several occasions to discuss underwriting, claims handling and the significance of the MIA claims paid out. During the course of meetings, NHW obtained a copy of a document entitled "Report on Building Liability" which was very comprehensive in its discussion of NHW in BC, along with discussion on municipal liability, the building process, owner issues and losses. It discussed in detail various forms of compensation including a no-fault compensation warranty plan for all homes.

The NHW Board decided the company must continue to act and formed a task force to examine what action ought to be pursued in respect to NHW recommendations made in its submission of June 1994.

The task force met on numerous occasions and during the process consulted with experts to review data. On June 15, 1995, the task force presented its recommendations to the NHW Board and a motion was passed to accept the Warranty enhancements in principle, subject to a survey of Registered Builders.

The survey results favoured the enhancements but at a September 27 the NHW Board meeting via conference call, and after lengthy discussion, it was decided to defer any formal action until the scheduled Board meeting of October 12.

On October 4, Mr. Verge met with the Deputy Minister of Housing to apprise the Ministry of proposal to enhance warranty and to elicit the Ministry's views on NHW. The Deputy Minister advised that the creation of an Industry/Government Task Group was to examine all of the circumstances

surrounding many complaints being received on leaky condominiums and she further advised that the Ministry had no formal position on the NHW enhancements and suggested that the Warranty proposal be submitted to the Industry/Government Task Group for discussion.

NHW will sit on the Ministry's Task Group and will be privy to all discussions and recommendations which might affect the business and position of New Home Warranty.

Following his presentation Mr. Verge advised that he will be representing NHW on the Government Task Group to ensure Warranty issues are kept on track.

Following Mr. Verge's report, the Board expressed concerns over fee increases and the possibility of losing builder registrants if the enhancements are implemented. Mr. Verge stated that he would revisit the actuarial analysis made to reach the recommended fee increase with the enhancements, and would submit his findings to the Board.

Other issues discussed were affordability, codes, water penetration problems and radiant ceiling panels.

M/S/C K. Sawatsky/H. Rebneris (3 Opposed)

---that the Board table any further action on the proposed enhancements to Warranty coverage pending completion of the work of the Government/Industry Task Group, and their recommendation is made to the Ministry of Housing.

Discussion took place on the motion approving in principle the NHW Task Force recommendation to enhance NHW coverage and its possible impact on government perception now that a government task group has been formed. To avoid unduly influencing government decisions, the following motion was made -

M/S/C R. Stewart/N. Ziola (1 Opposed)

---that in an effort to avoid prompting or encouraging action by the Government/Industry Task Group, the Board of Directors withdraw its approval in principle of the changes to Warranty.

AUDITOR WRITTEN STATEMENT

Mr. Verge presented the letter received from Henshaw, Kjellbotn & McKinley with respect to a six month review of procedures of the unaudited interim financial statements as of August 31, 1995.

The accounting system was found to be in very good order with reconciliations being done in a timely manner.

LEGAL SUMMARY

Mr. Kuhn distributed a report outlining the status of current actions. In response to questions, Mr. Kuhn advised that most will not proceed to trial and that NHW is usually only one of many parties named in issues.

OPERATIONS DEPARTMENT

Mr. Moore reviewed his previously distributed report. It was noted that activity in all areas of Operations has increased.

Mr. Metcalf stated that he had been requested to recommend that with respect to Builder Ratings special recognition be given to the CRB status and that a CRB builder be registered at an "A" level builder upon entry.

Considerable discussion ensued on the ratings system used by NHW and it was agreed that Mr. Verge and Mr. Moore would meet with Mr. Ziola and Mr. Metcalf to review the entire system and make recommendations.

Mr. Metcalf voiced his opposition to NHW issuing a stucco newsletter at the same time as CHBA issued a newsletter on the same subject. Discussion concluded that the two newsletters approached the subject in different ways (CHBA presented proper application from A-Z, while NHW presented specific problem solving issues) and that the more educational information being distributed the better. Mr. Verge concluded that it was highly unlikely the two newsletters would again present the same subject at the same time.

MARKETING DEPARTMENT

Mr. Tweed reported that ASPAC and AOKI have become registered builders. Aspac is responsible for building the Marathon Realty site at Coal Harbour and Aoki is building the Bayshore site.

Speaking engagements and workshops continue throughout the province and negotiations are being held with the Bank of Montreal to provide an incentive package to Registered Builders and purchasers.

In response to a question regarding advertising in the Vancouver Sun, Mr. Tweed felt the Sun was too expensive and his experience suggested greater coverage in local newspapers and specialty magazines offered a better return for NHW.

TRANSFER OF CHAIR

Mr. Creuzot expressed his sincere thanks for Board support during his term and said he found his year to be very educational and enlightening.

Following a presentation to Mr. Creuzot by Mr. Verge, Mr. Richard Stewart was welcomed as Chairman for the year 1995-1996.

NEW BUSINESS

A copy of Mr. Strain's (Chair of RCI) letter was distributed. In addition to the financial contributions provided by NHW, Mr. Strain requested additional ideas on how to financially support RCL.

Suggestions should be made to CHBA-BC President or directly to Mr. Strain.

ADJOURN

The meeting adjourned at 5:00 pm.

MINUTES

NEW HOME WARRANTY
OF BRITISH COLUMBIA & YUKON

BOARD OF DIRECTORS
EXTRAORDINARY GENERAL MEETING

February 8, 1996
New Home Warranty Board Room

PRESENT:

G. Creuzot	R. Genest	T. Litster	D. Metcalf
H. Rebneris	K. Sawatsky	R. Stewart	J. Thomson
N. Ziola	J. Zuk	D. Verge	R. Moore
R. Wood	S. Smith	R. Kuhn	

EXCUSED:

B. Crum

The meeting was called to order at 1:00 pm by Chairman Richard Stewart. Following his welcome Mr. Stewart advised that cellular phones may be left on during Board meetings with prior approval from the Chair.

M/S/C G. Creuzot/D. Metcalf

.....that the Minutes of the October 12, 1995 meeting be adopted as circulated.

PRESIDENT'S REPORT

Mr. Verge reviewed his written report, highlighting the following -

- ♦ CMHC clearance, under the National Housing Act, for competitive warranty companies is in effect. Regarding the National Home Warranty Company which has recently appeared on the B.C. market, NHW has yet to obtain any documentation or written promotional information.

February 8, 1996

♦ B.C. Government liaison continues with respect to regulatory reform discussions as a result of the Options for Renewal document. NHW sits on the government Task Group. On February 1, 1996, the Minister issued a press release outlining the Task Group recommendations. The Board should be prepared to meet on this issue and meetings with the housing Ministry should continue.

♦ Notice has been received announcing the merger of the Bank of Montreal Investment Counsel with Jones Heward Investment Counsel Inc. No changes will take place with respect to NHW investments and David Yu will continue to manage the NHW portfolio.

M/S/C J.Zuk/T. Litster

—that the Board recognize and accept the BOMIC merger and continue to rely on the advice of the now named Jones Heward Investment Counsel Inc.

♦ The process of Director selection for the NHW Board is underway and the application deadline is May 1, 1996.

♦ Beginning April 6, NHW will be celebrating 20 years of business. No fanfare is planned however there will be a commemorative decal used on mailings and ads. It is planned to acknowledge the 25th year in a more celebratory way.

♦ Annual General Meeting will be held in Vancouver in late June. Time and place will be announced. In keeping with current budget restraints, no social events are planned.

♦ A list of the longest term Registered Builders was circulated with the notation that a plaque of recognition will be designed and presented.

FINANCIAL STATEMENTS

Mr. Ziola reviewed the Financial Statements to December 30, 1995 (10 month period) and it was noted that it is unlikely the Company will reach its budgeted target of 17,000 enrollments. Realistically in the current economic downturn, 13,000 enrollments is more likely. It was noted however that NHW continues to maintain the same percentage of market share.

As a result of stringent management controls and ongoing departmental budgetary cuts to reflect the current market conditions, the Company is maintaining a positive cash flow.

1996-1997 PROPOSED BUDGET

Mr. Ziola presented the budget which is based on 13,000 enrolments. It was noted that at the present time no fee increases are included, although this area may need to be revisited in a competitive market and/or should government demand certain types of coverage. It was noted there has only been one fee increase in the past 10 years.

The System Wide budget has been decreased by 12%, while others have remained the same or increased by 1-2%. Overall corporate spending has been reduced by 7%.

Considerable discussion was held on accountability from RCI and UDI for the funding provided to each for industry Education & Training programmes, and how those programmes impact NHW claims. It was agreed that David Verge would meet with Rick Genest, Herman Rebneris and John Zuk to discuss this issue and a followup report would be made to the Board.

M/S/C K. Sawatsky/H. Rebneris

-----that the 1996-1997 Operating Budget be ratified by the Board as presented.

LEGAL UPDATE

Mr. Kuhn advised there is a new provincial act in place, named Class Proceedings Act. An act of this nature deals with such class actions as the ceiling panels issue, breast implants, and the current Kamloops land issues. Mr. Kuhn further advised that there are no cost recoveries in class actions and that if this type of action becomes the norm, NHW may need to review its fee structure to allow for its defense in this type of action.

A review of the current NHW claims files was made by Mr. Kuhn and questions from the floor were responded to.

OPERATIONS DEPARTMENT

Mr. Moore advised that complaint inquiries and investigations have increased considerably during the current fiscal year. During the past two years, Conciliations have increased by 154.

It was noted that with the downturn in the market and the possibility of builders suffering financial losses, there could well be an increase in deposit and completion coverage complaints against NHW.

The most substantial claim during the current year was for repairs to an Island condominium to a value of \$548,000. Since these repairs were related to code violations, legal action has commenced to recover costs from the builder.

It was noted that in other cost recovery cases, NHW staff attempt to obtain the debt.

*Victoria Court
\$ 300,000
recovered*

Between October and December, 1995 NHW staff conducted 7 Stucco related E&T seminars. Mr. Metcalf stated that CHBA Education & Training is committed to addressing NHW's Top 10 concerns.

Builder Rating review continues to be underway.

MARKETING

Mr. Tweed's report was included in the Agenda package for review in his absence.

The following comments were forthcoming from the Board:-

- ☐ 33% of budget is too much for TV ads.
- ☐ Radio advertising should be considered.
- ☐ NHW should run a regular column in Vancouver Sun.
- ☐ Regular ads in Vancouver Sun should be considered.
- ☐ Times Colonist (Victoria) should be approached. Creating a Homes section and will be looking for articles.
- ☐ Rather than dispensing with NHW signs, consider co-op with builder.

NEW BUSINESS

Regarding the latest article in the New Homes Section of the Vancouver Sun, which lambasted NHW, Mr. Stewart advised that on behalf of Parklane Ventures, he contacted the Sun to register his concerns. The majority of the ads following the article bore the NHW logo and Mr. Stewart felt the article also discredited the builders buying the ads.

Mr. Stewart encouraged all builders to write to Vancouver Sun and express their concerns.

It was announced at the meeting that Mr. Ted Litster has allowed his name to stand for 2nd Vice President of CHBA - National. Mr. Rebneris is his campaign manager and financial contributions toward Mr. Litster's campaign will be gratefully accepted.

ADJOURNMENT

There being no further business the meeting adjourned at 5 pm.

MINUTES

NEW HOME WARRANTY OF BRITISH COLUMBIA & YUKON

BOARD OF DIRECTORS ANNUAL GENERAL MEETING

June 20, 1996
Westin Bayshore Hotel, Vancouver

PRESENT:

G. Creuzot
D. Metcalf
J. Thomson
J. Zuk

W. Crum
K. Sawatsky
D. Verge

P.R. Genest
R. Stewart - Chair
N. Ziola

EXCUSED:

E.L. Litster

H. Rebneris

STAFF PRESENT:

R. Moore

B. Tweed

R. Wood

S. Smith

GUESTS:

R.G. Kuhn, Legal Counsel

R. McKinley, Auditor

F. McCreath, Actuarial Consultant

D. Yu & Mark Fitzgerald, Investors

The meeting was called to order at 9:40am by Chairman Richard Stewart.

The Minutes of the February 8, 1996 meeting were adopted as circulated.

CHAIRMAN & PRESIDENT'S REPORT

The previously distributed report reviewed the major issues of the past fiscal year and included

■ Options for Renewal

■ BC Law Reform Commission

■ CMHC requirements

■ 'Leaky Condo' media reports

■ Warranty enhancements

AUDITED FINANCIAL STATEMENTS

In his report, Mr. Reg McKinley of Henshaw, Kjellbotn & McKinley stated that as at February 29, 1996, the Company's financial position for the year ended in accordance with generally accepted accounting principles, and the Company is operating with a positive cash flow.

In his review of the Financial Statements, Mr. McKinley responded to questions with the following being of particular interest -

- Although a significant drop in Home Enrollments had been experienced, the Risk Retention Fund was maintained due to the March 1995 change in the allocation of enrollment income. This fund represents available funds for future claims.
- With the introduction of a much enhanced computer system, the Company is coming closer to predicting more accurate claims costs.
- Extended Limited MSD Warranty (6-10 Yr) is recorded in a separate risk fund. The first exposure commenced in April 1996.
- Investments are recorded at cost and at the time of liquidation the variances are reported.
- The May 30, 1995 company registered name change to New Home Warranty of British Columbia Inc. is acknowledged.

Considerable discussion was held on the not-for-profit status of the Company and the importance of certain reporting procedures with respect to this status.

** Paragraph 149(1)(1) of the Income Tax Act qualifying the Company for not-for-profit status is an annual decision made by Revenue Canada. It should not be taken for granted nor confused with the perpetual non-profit status provided to associations or charities, etcetera.*

* Revenue Canada is very aware of NHW; who they are and what they do.

* Should Revenue Canada decide to conduct a Company audit, it is likely they would go back 3-4 years, carefully examine corporate equity, disbursement of funds to other agencies, and assess the liabilities (risk fund).

* It is likely NHW would be assessed in the 50% bracket should the tax status change. An audit with a reversal could require a substantial payout to Revenue Canada.

M/S/C D. Metcalf/K. Sawatsky

---that the audited Financial Statement report from Henshaw, Kjellbotn & McKinley be accepted as presented.

INTERIM FINANCIAL STATEMENTS TO APRIL 30, 1996

In his review of the interim statements Mr. Verge noted that the Company achieved 69% of the gross provincial starts and NHW's penetration in the marketplace continues to improve.

Enrollments are recovering and it is expected that the budget of 13,000 will be surpassed.

Financial reports will continue to be provided to the Directors on a quarterly basis and anyone having any questions are encouraged to contact Mr. Verge personally at any time between regular meetings.

At the moment, new premises are not being actively sought. Agents are providing the company with reports on possible sites and should something very promising surface, management would give serious consideration.

INVESTMENT REPORT

Mr. David Yu explained that the Bank of Montreal had merged with Nesbitt Burns and corporate investment accounts would now flow through Jones Heward Investment Counsel Inc. (a company incorporated in 1929 and formerly working under the umbrella of Bank of Montreal) Jones Heward is 40% owned by Bank of Montreal, 40% owned by Nesbitt Burns and 20% owned by employees. Mr. Yu will continue to oversee NHW's account. ←

Since inception of this portfolio, the gain has been 119% with the structure set in a very conservative manner. Policy disallows security investments and various types of bonds continue to be the mainstay. Concentration at the moment is on the 7-8 year curve for maturity.

Mr. Yu presented several charts indicating a creation of new jobs and the return of some consumer confidence. Housing starts have begun to increase however it is not expected to be of significance until late 1996 and into 1997.

Five year interest rates are expected to decline somewhat and immigration numbers are expected to flatten.

LEGAL UPDATE

Mr. Bob Kuhn, Legal Counsel, provided a chart providing details on legal actions by and against NHW. He noted that actions now have higher dollar values and are much more complex with the industry and company shift into high density housing.

It is expected that most of the outstanding actions will be settled out of court.

Mr. Kuhn reported on a Construction Law seminar he presented at a conference of Provincial Court Judges. 110 of the 130 registrants attended Mr. Kuhn's presentation and he included 3 NHW case studies in his presentation of 6 cases.

Mr. Kuhn advised that consideration is being given to increasing the limit of small claims court to \$30,000 which is going to add a considerable burden to provincial court hearings. Construction law is one of the most difficult for judges to deal with.....mostly through their lack of industry and technical knowledge. Mr. Kuhn was pleased to present Warranty issues and hopes for other opportunities to share his knowledge in this important area.

Mr. Kuhn presented a synopsis of the radiant ceiling heating panels (RCHPs) Class Action presently before the courts, and brought there by the homeowners. It seems everyone possible has been enjoined with "fitness" of the product being at issue. It was interesting to note that should the decision rule against CSA, they and probably the municipalities involved will be held liable. On the other hand, should the decision rule in favour of CSA and the product is deemed "to be fit", the Provincial government could be held liable for ordering the dismantling and removal of RCHPs from all housing.

This case has provided an interesting question for NHW. If a builder installs a CSA approved product, is NHW responsible for any replacement?

ARTICLES OF INCORPORATION

The Company's Articles dictate that Directors be selected from a list of qualified nominations provided by the Shareholder.

The Articles do not address the possibility of the nominee being a warranty provider through a competitor, or perhaps an employee of a competitor, or changing his affiliation during the term of office.

Attached to these Minutes as Schedule "A" are the proposed amendments to the Company's Articles of Incorporation.

M/S/C W. Crum/ G. Creuzot

---that the Proposed Amendments to the Company's Articles of Incorporation, as presented, be provided to the Shareholder for ratification.

RISK MANAGEMENT REPORT

Mr. Fred McCreath of MH Financial Consultants provided a slide presentation in addition to his comprehensive risk management summary.

NHW is an underwriter of residential construction risk providing third party surety and structural warranty coverage. The purpose of the risk management presentation is to deal with the enrollment fees received by NHW and the steps taken to ensure sufficient funds are maintained to meet all warranty obligations (claims).

The length of Warranty means that the cost of claims arising from warranties issued in any one year may occur up to 6 years, and in the case of extended warranties, up to 12 years after enrollment.

Inflation, new housing technology, economic conditions, plus numerous other factors, all have a bearing on the operating and claim costs which must be anticipated.

To meet its obligations, the Company is obligated to ensure sufficient funds are on hand to administer (a) the day to day business of the Company and (b) to facilitate the payment of claims which arise from its Warranty Certificates. Two funds recognize this dual function -

Administration Fund - meets all costs except claims and related costs.

Risk Retention Fund - reserved exclusively for the payment of third party claim costs, which includes legal costs and technical investigative costs.

On receipt of an enrollment fee, a certain portion is immediately allocated to Risk Retention to meet future obligations; a certain portion is allocated to Current Administration and a certain portion is allocated to Deferred Administration. These allocations are based on the accounting principle of matching costs and revenues. All of these categories are shown in the financial statements.

Management of the Risk Retention Fund is the most complex and it is evaluated frequently to determine its sufficiency to meet all reasonably expected losses. The history of claims paid is considered only as a guideline for future expectations and are not a certainty for calculating future claims costs. The characteristics of builders who have caused claims are analyzed along with many other factors.

Various future projections were presented by Mr. McCreath and questions from Directors were responded to.

It was noted by Mr. Verge that the Company is likely to come under the supervision of the Superintendent of Insurance in the not too distant future and the comprehensive risk management reports are vital to distinguish NHW and its obligations from a pure insurance entity. New Home Warranty is not an insurance company.

M/S/C J. Thomson/W. Crum

---to recognize Mr. Verge's tremendous insight and effort in establishing this type of report and for the professionalism of the underwriting procedures and to accept the report as presented.

OPERATIONS REPORT

Ralph Moore indicated that all Builder Registration activity increased over the previous year. Five new Master Builders were honoured as a result of the Builder Rating system. Over 1000 of the 1500 roster of builders remain at the entry level in the ratings.

Enrollments declined over the previous year but Mr. Moore noted they are currently on the rise with a budget of 13,000 for the current fiscal year.

In the Complaints/Claims area, the number of Inquiries and Investigations has increased, but claims decreased slightly.

Conciliation requests and awards have increased.

Claims recovery to date represents an 11% recovery rate.

Mr. Moore continues to be heavily involved in Technical Education and Training Seminars with varied audiences such as Municipalities, Builders, and the UBC Faculty of Applied Science. For the first time a presentation was made to a consumer audience which was very well received.

*J.T.
report for
3.20.96
Validation*

The second issue of Building Insight has been published. This technical publication deals with current construction problems being experienced by NHW and the information is distributed to a broad audience of Registered Builders, Associations and others.

MARKETING REPORT

Brian Tweed stated that the two most significant items affecting the Marketing Department has been the downturn in housing starts and the arrival of a competitive warranty company.

Marketing budgetary items are being closely monitored and some planned initiatives are on hold for the moment.

Proactive strategies are in effect to address the issue of competition in the warranty marketplace. Mr. Tweed was pleased to announce that a multi family builder had already re-evaluated the 2 warranty providers and had withdrawn from the competitor and had become registered with NHW.

Mr. Tweed addressed the issue of CMHC accepting from the competitor partial enrollments on a multi family building, which is in violation of the regulations set by CMHC. They have admitted to this error and it is an area NHW will continue to be vigilant on.

Presentation of NHW seminars continues with good audience numbers and interest being maintained.

Several brochures have been consolidated into a single NHW information magazine. A copy was sent to all Registered Builders, lenders, realtors and major libraries. Orders for additional copies are being received.

ADMINISTRATION REPORT

Sheila Smith highlighted the many administrative challenges and redevelopment projects undertaken during the past fiscal year.

A complete rewrite of the customized computer database system (known as Homebase) has already been put to the test and its power and potential are proving invaluable in risk management processes.

Office workspace was expanded and renovated. Space design still allows for some personnel or equipment adjustments and should carry the Company to the end of the May 30, 1998 lease.

Human issues were discussed as it relates to the impact on staff of negative high profile events and the many challenges in general in dealing in the Human Resource area of a business.

It was noted the Multi Family Maintenance Manual is proceeding to final development and NHW is registered for the Internet.

APPOINTMENT OF CONSULTANTS

M/S/C K. Sawatsky/J. Thomson

—that Mr. Robert G. Kuhn, Barrister & Solicitor be reappointed as corporate legal counsel for the fiscal year 1996-1997; and

—that the firm of Henshaw, Kjellbotn and McKinley be reappointed as corporate auditors for the fiscal year 1996-1997; and

—that the firm of Jones Heward Investment Counsel Inc. (formerly known as Bank of Montreal Investment Counsel) be reappointed as corporate investment advisors for the fiscal year 1996-1997.

SUGGESTED WARRANTY COVERAGE CHOICES

Discussion was held on the three levels of Warranty coverage as presented in Chairman/President Report. Rather than the coverage being compulsory to the Registered Builder, options could be provided, with separate premium structures, that the builder could choose to satisfy his particular market pressures and needs.

Choice #1 The existing 5 year Limited Warranty (which includes 1 year water penetration cover).

Choice #2 A 10 year Limited Warranty, including 3 year, maintenance conditional, water penetration cover.

Choice #3 A 10 year Limited Warranty, including 5 year, maintenance conditional, water penetration cover.

M/S/C J. Thomson/K.Sawatsky

—that the Board accept in principle Choices 1 and 2, subject to a review of documents at the September Board meeting

DIRECTOR RESIGNATIONS

In accordance with the Articles of Incorporation the term of office for the following Directors expired.

Bill Crum	Rick Genest	Ted Litster
Herman Rebneris	Ken Sawatsky	John Zuk

The Chairman extended sincere thanks for their valuable input while serving as a Director and those present received the NHW Director plaque in recognition of their service.

ANNOUNCEMENT OF NEW BOARD

In accordance with the Articles of Incorporation the following were nominated and selected to serve on the NHW Board of Directors -

Chairman	Richard Stewart
President & CEO	David Verge
President CHBA-BC	Neil Ziola
1stVP-CHBA-BC	David Metcalf
2ndVP-CHBA-BC	Jim Thomson
	Dennis Woodward
	Danny Jadresko
	Mark Turner
	Clayton Wolsey
	Gary Creuzot
	John Tidman
	Jim McLean

The next scheduled Board of Directors meeting is scheduled for September 11, 1996, in the NHW Board Room. At that time an orientation session will take place.

CHBA PROVINCIAL CONFERENCE

Mr. Metcalf, Conference Chairman enquired about the possibility of having the next Board meeting in Whitehorse during the conference, however since there is no budget item for this, the September 11 date will remain.

There being no further business the meeting adjourned at 4:10pm

(Schedule "A" to Minutes)
**PROPOSED AMENDMENTS
TO THE ARTICLES OF INCORPORATION
of
New Home Warranty of British Columbia Inc.**
(June 20, 1996)

ARTICLE 12.6 (ADDED)

Notwithstanding any other Article or law to the contrary, no person shall be elected, appointed or nominated as a director if such person would, if elected, appointed or nominated, be in conflict with or subject to termination pursuant to Article 13.1.

NEW ARTICLE 13.1

(f) if the director, or the corporation or other entity with which the director is employed or associated, either directly or indirectly has any contract, membership, ownership, control or agency relationship with a person, corporation, or other entity which is in competition with, or otherwise engaged in such business to be in conflict with the business or best interests of the Company.

NEW ARTICLE 13.1

(g) If the director discloses or permits the disclosure of information, documents, or data which are confidential; or the release or disclosure of which would be in conflict with the business or best interests of the Company.

SPECIAL RESOLUTION

That the Articles of the Company be altered by adding to Article 12.6; add new Article 13.1(f) and 13.1(g).

MINUTES
NEW HOME WARRANTY
OF BRITISH COLUMBIA & YUKON

BOARD OF DIRECTORS
EXTRAORDINARY GENERAL MEETING

September 11, 1996
New Home Warranty Offices

PRESENT:

D. Jadresko
J. Thomson
C. Wolsey

J. McLean
J. Tidman
D. Woodward

D. Metcalf
M. Turner
N. Ziola

R. Stewart
D. Verge

EXCUSED:

G. Creuzot

STAFF:

R. Moore

S. Smith

B. Tweed

R. Wood

CONSULTANTS:

R.G. Kuhn, Legal Counsel

F. McCreath: Actuarial Consultant

Following the presentation of a video entitled "Teamwork, Technology and Talent", the meeting was called to order at 9:55am by Chairman R. Stewart.

Mr. Stewart extended a welcome to the recently appointed Directors and introductions were made around the table.

M/S/C D. Metcalf / J. Thomson

...that the Minutes of the June 20, 1996 meeting be adopted as circulated.

ORIENTATION

Mr. Verge presented a slide overview of historical data on the growth of the Company since inception. The dramatic shift in the types of housing being enrolled and the makeup of corporate entities applying for Registered Builder status was graphically visible in the presentation. These two items have had

a major impact on internal processes as well as the risk analyses. Mr. Verge noted that the Company is obtaining 70% of gross provincial starts and this translates into 85% of eligible housing.

Articles of Incorporation - In his review Mr. Kuhn pointed out that NHW is incorporated under the same legal structure as any other company, but is unique in that it enjoys a not-for-profit status under Section 149.1.1 of the Income Tax Act. It was further stressed that this status is determined on an annual basis and it is not in perpetuity like associations or charities.

The only shareholder is CHBA-BC and under Section 149.1.1, it is illegal to transfer funds or pay dividends to the shareholder, or anyone else.

Directors were encouraged to familiarize themselves with Parts 12 and 13 of the Company Articles of Incorporation where there is particular reference to board structure, conflict of interest and confidentiality.

Director's Manual - Mr. Verge reviewed the manual and emphasized Pages 8 and 10 dealing with indemnification, meetings and fees.

Risk Management Presentation - Mr. Fred McCreath presented the slides used at the Company Annual General Meeting outlining the various factors considered when conducting a risk analysis to determine what funding should be maintained to meet all warranty claims obligations. (Refer to Minutes of June 20, 1996 for details)

Legal Update - Mr. Kuhn provided a written report giving the status of legal actions on file. It was noted that several of the actions date back to 1991 and 1993, and that all actions are where NHW has been enjoined with others.

Mr. Kuhn stated that he felt NHW is legally "in good shape" with the Company never having been brought to Supreme Court trial (win or lose) which he thought was quite remarkable over a 20 year span and given the type of business.

As a followup to his construction seminar recently given to the Provincial Court Judges, Mr. Kuhn advised that NHW standards are being recognized as standards within the province.

Mr. Kuhn noted that 'class actions' are becoming more prevalent and no one is immune to being caught up.

Financial Update - Mr. Ziola (Treasurer) reviewed the Interim Financial Statements (to July 31, 1996) and noted that enrollments and income are ahead of budget. Mr. Verge urged Directors to call him directly if they wished to have more detail on any items contained on the statements.

CONSENT TO ACT

Prior to proceeding further with the meeting, Directors were asked to hand in their duly signed document "Consent To Act As A Director".

OPERATIONS DEPARTMENT

Ralph Moore reviewed his written report which generalized on the processes involved in the Operations Department. Included in Mr. Moore's report were statistics on builder registrations, enrollments and claims data.

A slide presentation was given illustrating NHW's Top Ten Complaints.

MARKETING DEPARTMENT

Brian Tweed provided an overview of the creation of the Marketing Department in 1991 and the Board decision that NHW become 'market driven'. Mr. Tweed discussed the strategies implemented and the department views of today. Targets have been met and Mr. Tweed noted that education seminars and presentations will continue at the same pace.

ADMINISTRATION REPORT

Sheila Smith reported on areas of office premises, human resources, computer database system, and staff workshops. She noted that Administration is involved in every aspect of the business and that through teamwork among all departments, goals are being achieved by everyone.

GENERAL

Document Review - Mr. Verge reported that to implement the coverage changes accepted by the Board at the June 20 meeting, all corporate documents are currently under review. He pointed out that this is an onerous task which must extend into the marketing materials and the computer system. When a final draft of the documents are finished, they then must be reviewed by legal counsel. The Board will be kept posted.

Government Intervention - Mr. Verge reported that with the extraordinary number of ministerial and government staff changes, it has been virtually impossible for NHW to maintain continuity in discussions with government with respect to the original document, "Options For Renewal" issued in March 1994.

Mr. Kuhn continues his meetings with Dr. Richard Gosse, who heads the Law Reform Commission. The Commission will be providing its warranty recommendations to the government in due course and Mr. Kuhn's feeling is that the recommendations will include a mandatory warranty on housing. It was noted that a strong voice for industry self-regulation is needed.

PRESENTATION TO CHAIR

Mr. Stewart acknowledged that this was his last meeting as Chairman of NHW and presented the gavel to incoming Chairman, Neil Ziola.

In recognition of his successful year as Chairman, Mr. Ziola presented Mr. Stewart with a commemorative lapel pin and welcomed Mr. Stewart's position as Past Chairman and continued service on the Board for the coming year.

Board of Directors

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September 11, 1996

NEW BUSINESS

It was announced that Mr. John Tidman would serve in the capacity as Treasurer for the Board of Directors.

There being no further business the meeting adjourned at 3:15 pm.

MINUTES

NEW HOME WARRANTY
OF BRITISH COLUMBIA & YUKON

BOARD OF DIRECTORS
EXTRAORDINARY GENERAL MEETING

January 17, 1997
New Home Warranty Offices
Vancouver

PRESENT:

D. Jadresko	J. McLean	D. Metcalf	D. Penner
E. R. Stewart	J. Tidman	M. Turner	D. Verge
F. Wolsey	D. Woodward	N. Ziola	

STAFF:

R. Moore	S. Smith	B. Tweed	R. Wood
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CONSULTANTS:

R.G. Kuhn, Legal Counsel

EXCUSED:

G. Creuzot J. Thomson

The meeting was called to order at 9:20am by Chairman Ziola.

M/S/C D. Verge/D. Woodward

.....that the Minutes of September 11, 1996 be adopted as circulated.

CHAIRMAN/PRESIDENT REPORT

A written report was included in the Agenda package, the highlights of which were:-

- ◆ With the elimination of the Building Standards Branch and BC Law Reform Commission, mandatory warranty appears to be on the back burner for the moment.
- ◆ NHW participated in the CHBA response to the Building Safety Systems Review and also submitted their own support letter to the government.
- ◆ NHW is preparing to implement the new 10 year Limited Repair Warranty with a 3 year water penetration as well as maintaining the vanguard 5 year Limited Repair Warranty.
- ◆ An all day meeting was held in Vancouver with the management and legal counsel of the Alberta New Home Warranty where an exchange of ideas and challenges took place. It is hoped this type of meeting can be held at least annually.
- ◆ NHW now has copies of National Home Warranties documents and comparisons will be provided to the Board as soon as completed.
- ◆ Jones Heward (corporate investment counselors) report an overall 8.3% return on investments during the past year. The portfolio will be reviewed now that high yield investments are expiring.
- ◆ Management continues to seek new premises in light of the current lease expiring April 30, 1998. The Board has already approved the purchase or construction of corporate premises. The Board will be kept apprised.

RENOVATIONS WARRANTY

A question from the floor introduced renovations warranty. Mr. Verge reported that the survey conducted locally by NHW resulted in 17 responses out of 700 mailed surveys, which indicated there was not a critical mass to proceed further. Mr. Verge indicated that there must be approximately 300 renovators with 10 renovations per year to make a program viable and it would not be possible to risk the new housing reserves to fund renovations.

Mr. Verge stated he would send each Director a copy of the recently printed Ontario Renovations study. It was further suggested that the BC Renovator Council be included in any future studies.

FINANCIAL STATEMENTS

A review of the Financial Statements to November 30 indicate that in the overall, everything is on target for the adjusted budget of 15,000 enrollments.

Mr. Verge pointed out that in response to Yukon HBA enquiries that NHW have a physical presence in the Territory, he had offered to have a senior technical representative visit 4 times a year, attending the HBA dinner meeting and spending the following day addressing technical issues. He pointed out that approximately 40 enrollments annually from any one area does not support having a NHW staff person full time. To date Yukon HBA has not responded.

The question of NHW carrying reinsurance was discussed. Mr. Verge stated that extremely high premium costs was the deciding factor in NHW becoming self insuring several years ago.

1997-1998 PROPOSED BUDGET

In the Proposed Budget presentation Messrs Tidman and Verge pointed out that the NHW budget is based on 15,000 enrollments but provides for a number of variables which may arise out of swings in economic conditions and which may result in higher or lower enrollments.

The budget presented was based on a no fee increase to Registered Builders neither in registration fees nor home enrollment fees.

To offset some rising costs of doing business, consideration is being given to implementing cost neutral fees for such services as conciliation; and builder premium discounting realignment to reflect warranty claims.

Strict control on spending will remain in effect as will a sound approach to managing risk (the matching of potential actuarial losses against reserves).

Each segment of the Proposed Budget was discussed, and with respect to the Residential Construction Institute (RCI) allocation, the following motion was made -

M/S/C C. Wolsey/M. Turner

.....that should the 15,000 budgeted enrollments be surpassed, 25% of the income between 15,000 and actual be added to the RCI contribution; and that \$30,000 be included in the Special Project budget to fund additional studies on a possible Renovations Warranty and Warranty for resale housing.

M/S/C D. Metcalf/D. Verge

.....that the Board of Directors ratify the March 1, 1997- February 28, 1998 Proposed Budget as amended.

LEGAL UPDATE

There are currently 20 legal actions involving NHW and each of these were summarized in a written report submitted by Mr. Kuhn.

Two documents were distributed to the Board; "The State of Texas Bureau of Insurance -vs- HOW, et al and State of Virginia Bureau of Insurance -vs- HOW, et al. Mr. Kuhn provided a comprehensive explanation of these US supreme court cases and drew the Board's attention to the similarities in the relationship between HOW and NAHB and the relationship between NHW and CHBA-BC.

HOW = Home Owners' Warranty Corporation, the largest new housing warranty corporation in the United States until 1994. These companies are now in receivership.

Et al = Home Warranty Corporation, Home Owners Warranty Corporation, HOW Insurance Company, named Directors of these companies, and named Officers, and staff.

NAHB = National Association of Home Builders, American counterpart of CHBA National.

The issue at hand in the US is the alleged actuarial incompetence of HOW in not retaining a sufficient risk fund to meet potential liabilities, and the misappropriation of funding between HOW and NAHB.

It is alleged that NAHB formulated the warranty corporation as a marketing tool for NAHB members although it was commenced purportedly as an insurance operation. It is alleged that the defendants breached their fiduciary duties of care and loyalty by, among other things;

- failing to ensure that the coverage was priced adequately to cover the risks insured;
- failing to ensure the business was operated prudently;
- diverting corporate assets to certain defendants and wasting corporate funds in violation of sound insurance practices;
- conflicting underpinnings of HOW with individuals composing the Board of Directors of the entities;

- manipulation in the allocation of expenses and revenues;
- defendants dominated, operated and controlled the Companies, their officers, management and direction.

Mr. Kuhn was strong in his recommendation that the NHW Board of Directors examine carefully the relationship between CHBA and NHW, and he is prepared to make some recommendations at the next Director meeting.

REGISTRATIONS/OPERATIONS REPORT

Mr. Moore provided a comprehensive written report and verbally highlighted that NHW continues to be active with technical seminars and producing regular technical bulletins on any current construction problems being experienced by NHW.

MARKETING DEPARTMENT

In support of his written report, Mr. Tweed highlighted that in light of an active warranty competitor in the marketplace, his department efforts are concentrating on preserving our current builder base and actively pursuing those builders who have not yet recognized the value of NHW. Current marketing strategies are under review and it is likely new strategies will coincide with the implementation of the new NHW coverage.

ENROLLMENTS/ADMINISTRATION

From her written report, Mrs. Smith highlighted the fact that 76% of total enrollments are now multi family housing. This has necessitated a complete realignment of procedures and processes to administer the complexities that multi family housing brings.

There is every indication that the budget of 15,000 enrollments will be reached by the end of the fiscal year February 28, 1997.

NEXT MEETING

Mr. Verge announced that the next Board of Directors meeting would take place in late June 1997.

There being no further business, the meeting adjourned at 1:25pm.



**NEW HOME WARRANTY
OF BRITISH COLUMBIA & YUKON**

MINUTES

**BOARD OF DIRECTORS
ANNUAL GENERAL MEETING**

**JUNE 20, 1997
WESTIN BAYSHORE HOTEL
VANCOUVER, B.C.**

Present:

G. Creuzot	J. Tidman	R. Kuhn, Legal Council
D. Jadresko	M. Turner	M.J. Yule, Investor
D. Metcalf	C. Wolsey	F. McCreath, Actuarial Consultant
D. Penner	D. Woodward	R. McKinley, C.A.
R. Stewart	N. Ziola	B. Tweed, Staff
J. Thomson	D. Verge	R. Moore, Staff
	R. Wood, Staff	S. Smith, Staff

Chairman, Neil Ziola opened the meeting at 10:15 am and those present introduced themselves personally.

M/S/C G. Creuzot/J. Tidman

....that the Minutes of the January 17, 1997 and the June 4, 1997 meetings be adopted as circulated.

CHAIRMAN/PRESIDENT REPORT

Mr. Verge opened his remarks by advising the Board that NHW has agreed to provide a discussion paper outlining a Warranty model for the implementation of a legislated warranty in BC. Mr. Verge noted that the first draft virtually modelled itself after the existing NHW, but further included such things as mandatory industry association membership, support of industry education, supervision of all providers through the Superintendent of Insurance, enforced requirements by Municipalities, lenders and the legal profession.

In his written report, which was distributed, the past year's activities were outlined.

- ♦ Enhanced Warranty coverage has been created for a longer and more comprehensive warranty which includes water penetration protection.
- ♦ New Home Warranty was represented on the Government's Safety Systems Review.
- ♦ Mr. Verge presented a special paper on underwriting warranty risk on high rise construction to the international delegates at the 7th International Housing and Home Warranty Conference in Melbourne Australia.
- ♦ Since February 28, 1997 to date business has increased by 21%.

AUDITED FEBRUARY 28, 1997 FINANCIAL STATEMENTS

Mr. Reg McKinley of Henshaw, Kjellbotn & McKinley reviewed the year end financial statements noting that the statement format had changed. The Institute of Chartered Accountants has revised the reporting format for not-for-profit companies. Implementation of this format is not until 1999, however, the audit/finance committee recommended the change be reflected in this year's presentation. The new format shows the Administration and the Risk Retention in columns with a combined total of the two accounts.

Mr. McKinley reviewed the statements in detail noting the Auditor's report was "unqualified". On the Statement of Financial Position the assets of the company are 96% liquid with the major liability being outstanding claims. The statements indicate that Budget to Actual were on target.

Mr. McKinley stated that the company was operating in a very positive position.

M/S/C J. Thomson/D. Metcalf

.....that the audited financial statement report from Henshaw, Kjellbotn & McKinley be accepted as presented.

INTERIM FINANCIAL STATEMENTS TO APRIL 30, 1997

In his review Mr. Verge stated that the approved budget for 1997 was set at 15,000 enrollments and as of May enrollments are up 21%. We continue to have the market growth and this has not been affected by our competition.

Financial reports will continue to be provided to the Board on a quarterly basis. Anyone having any questions were encouraged to contact Mr. Verge at any time.

LEGAL UPDATE

Mr. Kuhn advised he had received a copy of the Mississippi Legislature Bill 1142, which is an Act to create a new home warranty act. The act provides several definitions such as 'Builder', 'Building Standards', 'home', 'major structural defects', etcetera. A copy of the Bill will be sent to NHW by Mr. Kuhn.

Mr. Kuhn provided a chart indicating the legal actions by and against NHW. It was noted that the number of actions has decreased.

Mr. Kuhn distributed a copy of Bill 38 - 1997 Builders Lien Act. He noted that there were several major changes and encouraged everyone to read the Act, particularly the section dealing with Holdbacks.

OPERATIONS REPORT

Ralph Moore indicated that in past reports to the Board he had referenced a steady increase in the number of complaints received and claims paid out. A decrease in either is not anticipated for the short term or the long term. In order to define and categorize the type of construction deficiencies a comprehensive defect coding has been developed.

A customer service questionnaire has been introduced and to date the replies have been favorable and positive.

The Building Insight Volume 3.1 "*Maintenance for Swelling Clay Sites*" has been published. These technical publications deal with current construction problems being experienced by NHW and information is distributed to Registered Builders, Associations and others. Five Building Insights have been released to date.

Delivery of technical information seminars continue. A total of 7 have been presented since January, 1997.

The Registration Department continues to be very active. A total of 47 new Builders have been added to the Registry during the past two months of our fiscal year bringing to April 30, 1997 a total of 1,541 builders. Improvements have been implemented to ensure that the application can be processed as quickly as possible. In addition to the registration process a Service Questionnaire is sent to all applicants that become registered in order that they can rate our service along with suggestions for improvement.

MARKETING DEPARTMENT

From his written report Mr. Tweed highlighted that with pending legislation and new competition a restructured communications strategy has been implemented.

Marketing seminars continue at an increased pace with the general public, realtors, mortgage lender and property management companies.

A new client services representative is contacting the existing builder base to reinforce a better understanding of NHW.

Mr. Tweed expressed his disappointment over CHBA embracing the competitor with high profile membership in the Association. However, he stated that the Marketing Department will continue to do everything possible to retain the valued business NHW currently has.

ADMINISTRATION REPORT

Sheila Smith reported that there have been many changes and there are many new challenges awaiting the company. With the pending government legislation NHW is very fortunate to have a core staff who are dedicated to a team effort in responding to whatever legislation is announced. Upgrading of the computer systems has been made to respond immediately to any increase in builder registrations and enrollments.

A realigning of current work space is ongoing to facilitate staff requirements.

The Administrative policy manual is currently under review. This manual dictates the company policies and ensures fair and equitable treatment of staff.

The redesign and printing of all new documents to accommodate the coverage changes has involved many staff members.

INVESTMENT REPORT

Ms. Mary Jane Yule, Portfolio Manager of Jones Heward Investment Counsel Inc. presented a review of the Economic and Financial outlooks of the US and Canada, with a focus on the outlook for British Columbia showing 1996 actual to 1997 forecast for housing starts, jobless rate, job growth and retail sales.

Ms. Yule reviewed the investment portfolio by explaining the investment policy, the key characteristics of the portfolio and a combined performance review. A combined performance of 10.87 has been realized by the portfolio.

There was discussion by the Board as to whether investment policies and current market conditions are still relevant. The finance/audit committee are to examine the Investment Management policies.

RISK MANAGEMENT REPORT

Mr. Fred McCreath of MH Financial Consultants provided a slide presentation of our Risk Management.

NHW is a default underwriter of residential construction risk . The purpose of the Risk management presentation is to deal with the enrollment fees received and to ensure that sufficient funds are maintained to meet all warranty obligations (claims).

The Administration Fund pays all costs except claims and related costs. The Risk Retention funds pays out all the claims, investigations and legal costs.

On receipt of an enrollment fee, a certain portion is allocated to Risk Retention to meet the future obligations. The balance of the fee is allocated to the Administration fund. These allocations are shown in the financial statements.

Management of the Risk Retention Fund is most complex and with the implementation of the new data base claim information has become very exact.

Discussion took place as to whether an independent consultant should be retained to give an independent opinion as to the Company's Risk Retention Fund. It was suggested that a cost factor of \$ 40,000 - \$60,000 be used.

M/S/C J. Thomson/D. Metcalf

.....that a committee of 3 Board members be struck for the purpose of retaining an independent third party external actuarial expert to analyze and provide an opinion of the company's actuarial models, policies and risk retention reserves.

APPOINTMENT OF CONSULTANTS

M/S/C R. Stewart/G. Creuzot

..... that Mr. Robert G. Kuhn, Barrister & Solicitor be reappointed as corporate legal counsel for the fiscal year 1997/1998; and

..... that the firm of Henshaw, Kjellbotn and McKinley be reappointed as corporate auditors for the fiscal year 1997/1998; and

..... that the firm of Jones Heward Investment Counsel Inc. be reappointed as corporate investment advisors for the fiscal year 1997/1998.

DIRECTOR RESIGNATIONS

In accordance with the Articles of Incorporation the term of office for the following directors expired:

G. Creuzot

J. McLean (resigned)

C. Wolsey

D. Woodward

The Chairman extended sincere thanks for their valuable input while serving as a Director.

ANNOUNCEMENT OF NEW BOARD

Chair

Neil Ziola

President & CEO

David Verge

President CHBA-BC

David Metcalf

1st VP-CHBA-BC

Jim Thomson

2nd VP CHBA-BC

Doris Penner

Past Chair

Richard Stewart

Danny Jadresko

Kevin Mahon

Bill Parneta

Dom Piluso

John Tidman

Mark Turner

Sonny Zart

NEW BUSINESS

1. Mr. Verge informed the Board that the National Warranty Council's name has been changed to Canadian Home Warranty Council. The Board motion of 14th June 1992 needs updating with respect to the Council terms of reference.

M/S/C N. Ziola/D. Metcalf

.....that the Chair in office and President and CEO, represent the Company at Canadian Home Warranty Council meetings and that either of them shall be entitled to vote and to hold Canadian Home Warranty Council office.

2. D. Metcalf submitted a letter to the Board of Directors requesting that New Home Warranty implement a service to provide the Canadian Home Builders' Association with a list of the housing activities in the different municipalities.

Mr. Verge noted this may contradict the corporation's confidentiality policy with respect to Registered Builders, however, he stated that he would contact Mr. Metcalf to discuss this matter further.

3. M/S/C D. Jadresko/D. Metcalf

.....that the Board of Directors make it policy that the CEO of the Canadian Home Builder's Association B.C. has a non-voting seat at the New Home Warranty Board meetings.

There was no discussion prior to, or following, the above motion.

4. M/S/C D. Penner/M. Turner

..... that a policy be set that the compensation package of the CEO of New Home Warranty be dealt with yearly in November by a Compensation Review Committee made up of the Past Chair, Present Chair and the Incoming Chair.

There was no discussion prior to, or following, the above motion.

There being no further business the meeting adjourned at 4:00 p.m.

**NEW HOME WARRANTY
OF BRITISH COLUMBIA & YUKON**

MINUTES

**BOARD OF DIRECTORS
EXTRAORDINARY GENERAL MEETING
HELD
OCTOBER 15, 1997
COAST CAPRI HOTEL
KELOWNA BC**

Present:

D. Jadresko
R. Stewart
D. Piluso
S. Zart
K. Sashaw, Guest

D. Metcalf
D. Verge
J. Thomson
N. Ziola
R. Moore, Staff
B. Tweed, Staff

D. Penner
K. Mahon
M. Turner
R. Kuhn, Legal Council
S. Smith, Staff
R. Wood, Staff

Absent:

J. Tidman
B. Parneta

Chairman, Neil Ziola opened the meeting at 12.25 p.m. welcoming the Board and the new board members. Those present introduced themselves.

M/S/C D. Jadresko/D.Penner

....that the Minutes of the June 20, 1997 meeting be adopted as circulated.

Mr. Ziola then commented on how pleased he was with the excellence of the "Georgies" and thanked NHW for their continued financial support.



Orientation:

Mr. Verge opened his discussion with a welcome to the new board members and stated that the month prior to the meeting the new directors were given a copy of the Articles of Incorporation and the Director's manual. Mr. Verge reviewed the manual and emphasized page 8 and 10 dealing with indemnification, meetings and fees. Mr. Verge also reiterated that all materials distributed to the board are strictly confidential and privileged; for "your eyes only".

Articles of Incorporation

In his review, Mr. Kuhn stated that New Home Warranty of British Columbia Inc. is a private company incorporated under the Company Act and has the same legal status as any other company. However, it is unique in that it has a not-for-profit status under Section 149.1.1. of the Income Tax Act.

The directors were encouraged to familiarize themselves with the Articles of Incorporation and in particular Parts 12 and 13 dealing with the structure of the board, conflict of interest and confidentiality.

Mr. Kuhn concluded his review on the Articles of Incorporation stating that he felt there were four roles as a director -

1. Fiduciary
2. Shareholder representative
3. Diligence (skill, care and prudence)
4. Agent or representative role is limited

Mr. Kuhn clarified the Director's role in the area of authority while attending a properly called Board Meeting, and cautioned on potential liability arising where a Director holds him/herself out to the public as possessing authority on which someone may rely and which might result in action against the individual and/or the Company

Mr. Verge advised the Board that he has been pursuing a number of insurance companies with respect to placing new Directors and Officers Liability Insurance for the protection of the Board members.



Board of Directors

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October 15, 1997

Legal update-

Mr. Kuhn circulated his report on the legal actions involving NHW stating that the number had decreased by 1 since last meeting. It was noted that several of the actions date back to 1991 and 1993 and that all actions are where NHW has been enjoined with others.

Mr. Kuhn distributed The New Builders' Lien Act and suggested that everyone familiarize themselves with all the changes in the Act.

Financial Update - Mr. Verge reviewed the financial statements and statistical reports and stated that the company was on target with the budget set at 15,000 enrollments and at six months into the year we are identical to what we experienced last year. Following discussions of a general nature.

Mr. Verge reviewed the investment policy of the Company and referred to the letter dated September 3, 1997, from our investment consultant, Mary-Jane Yule of Jones Heward. Ms. Yule stated that the investment policy was adequate with a few recommendations for improvement. The recommendations are as follows:

1. Define an appropriate duration range
2. Establish a market oriented performance benchmark
3. Sector Guidelines - Establish Maximum Provincial Weight
4. Consider reducing the minimum credit rating to "A" stable.

M/S/C J.Thomson/D.Metcalf

.....that we accept the recommendations made by Jones Heward with the exception that item #4 be further investigated.



Mandatory Warranty

Mr. Verge opened his remarks by stating "Government has not moved to mandate warranty"

However with the "Leaky Condo Problems" there have been several press comments from the Minister of Municipal Affairs and Housing acknowledging the problems.

NHW has implemented a longer and more comprehensive warranty plan to provide for a full 10 year warranty with a three year water penetration coverage. Mr. Verge stated that no other warranty in the World has coverage equal to ours, and that it should serve as the legislated model.

To date, Government has not come to the table with a list of demands for the industry.

Keith Sashaw elaborated on a proposal CHBA BC had presented to the Government/Industry task group (which is exploring the framework around which a package of legislation is expected which would legislate warranty protection, license builders and introduce industry certification).

Compared to the B.C. Real Estate Council, the CHBA BC proposal is intended to demonstrate to Government that the residential construction is capable of self regulation.



Board of Directors

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October 15, 1997

Superintendent of Financial Institutions

Mr. Verge highlighted the letter of June 18, 1997 from the Deputy Superintendent of Insurance. The letter says that the Superintendent has received legal opinion from the Attorney General's office that companies offering home warranties are carrying on insurance business. The conversation was then turned over to Mr. Kuhn for his comments on the meeting with the Superintendent, Deputy Superintendent, BC Manager of Insurance and a legal advisor from the Attorney General's ministry held on July 29, 1997.

Mr. Kuhn concluded that notwithstanding the sensitivity created by the "Leaky Condo problem", and Governments announcements that the situation is unacceptable, he feels the current examination of the Warranty business as insurance is driven by the Superintendent.

Mr. Kuhn elaborated on discussions with Ms. Francis Stathan, legal advisor to the Attorney General's ministry and NHW's undertaking to provide information on its business.

Mr. Verge advised that the BC Manager of Insurance has agreed to spend time with NHW to see the operation of the company. We trust that in the end, the Superintendent will conclude that the Company's business does not breach the Financial Institutions Act, and the business of NHW will be exempted. Currently, there is not provision in the Act which references the business of providing home warranties.

The Board will be made aware of ongoing discussions.



Departmental Reports

Administration

S. Smith began her report by commenting that the enrollments continue to be strong and reviewed the statistics to September 30, 1997. It was noted that 73% of the total enrollments are multi family.

Two staff workshops have taken place since the June Board meeting.

Work space has been realigned for staff requirements. It was also noted that staff turn over in the past 8 years has been minimal.

Following Mrs. Smith's report Mr. Verge advised the Board that Mrs. Smith had announced her retirement. Mr. Verge spoke on the value that Mrs. Smith brought to the management team, and that she will be sadly missed. The Board acknowledge Mrs. Smith's valuable input and dedication to the Company.

Operations / Registrations

Mr. Moore stated that the Operations department has been extremely busy in the first six month of this fiscal year with increases in inquires, new investigations, conciliation's and claims.

Soils complaints and claims especially in the interior of BC have continued to represent a very expensive payout. In coastal areas of the Province leaky condo complaints and claims continue to tax the resources of his department.

A video was shown of clips from television broadcasts on leaky condominiums.



Marketing Department

Mr. Tweed reported on the success and turn out at the fall workshops. Our marketing representative has been working very hard with non registered builders and assisting them in completion of the required documents. The Client Service representative position has been active for three months and initial results have been very favourable.

Mr. Tweed reviewed the statistical comparison of NHW and CMHC starts.

Director, Jim Thomson reported that in respect to an approved motion dated 20 June 97 and upon direction of the Chair, he made contact with the firm KPMG to obtain a proposal to have an independent firm of actuarials examine the risk management procedures, premium structure etc., which would result in a report on these matters. KPMG (Chicago office) currently performs a similar service for Alberta NHW. In addition to providing the Board with a third party report on the Company's risk management practice it was thought that any report might be of advantage in discussions with the Superintendent of Financial Institutions.

M/S/C D. Metcalf/J. Thomson

..... that the Board approve the President's communication with KPMG leading to the undertaking of the work described in the proposal.

Maintenance Manual

Mr. Ziola recommended that the multi family maintenance manual be put back into action and perhaps we look to including a cost in next year's budget to complete this project.



Presentation to the Chair

Mr. Ziola acknowledge that this was his last meeting as Chairman of NHW and thank the Board and staff for their support. He then presented the gavel to incoming Chairman, David Metcalf.

In recognition of his year as Chairman Mr. Metcalf presented Mr. Ziola with a commemorative lapel pin and welcomed Mr. Ziola's position as Past Chairman and continued service on the Board for the coming year.

The Chair also recognized Richard Stewart and the work he has performed as a Director and former Chair of the board. Mr. Stewart's term as Director/Past Chair has now expired.

There being no further business the meeting adjourned at 5:15 p.m.

NEW HOME WARRANTY
OF BRITISH COLUMBIA & YUKON

MINUTES

BOARD OF DIRECTORS
EXTRAORDINARY GENERAL MEETING
HELD

MARCH 11, 1998
HYATT REGENCY HOTEL
VANCOUVER, BC

Present:

D. Metcalf
D. Jadresko
D. Piluso
S. Zart
J. Thomson
J. Tidman

N. Ziola
D. Penzer
B. Parneta
M. Turner
D. Verge

Brian Tweed - Staff
Ralph Moore - Staff
Rita Wood - Staff

Absent:

K. Mahon
D. Penner

Mr. Metcalf thanked the members of the Board and staff for attending the dinner meeting. Mr. Metcalf stated that the meeting was called to address several issues and the impact these issues would have on the business of NHW.

The main topic for discussion was mandatory warranty and how this legislation would change the Company and the industry. It was suggested that by Friday, March 13, 1998 a better understanding of the requirements for legislation would be known.

Other topics discussed:

1. NHW to be regulated under the FIA
2. Builder licensing ;
3. Who would be on the regulatory board?
4. Industry associations
5. Marketing

The meeting adjourned at 10:45 PM.

**NEW HOME WARRANTY
OF BRITISH COLUMBIA & YUKON**

MINUTES

**BOARD OF DIRECTORS
EXTRAORDINARY GENERAL MEETING
HELD**

**MARCH 11, 1998
HYATT REGENCY HOTEL
VANCOUVER, BC**

Present:

D. Metcalf
D. Jadresko
D. Piluso
S. Zart
J. Thomson
J. Tidman

N. Ziola
D. Penzer
B. Parneta
M. Turner
D. Verge

Brian Tweed - Staff
Ralph Moore - Staff
Rita Wood - Staff

Absent:

K. Mahon
D. Penner

Mr. Metcalf thanked the members of the Board and staff for attending the dinner meeting. Mr. Metcalf stated that the meeting was called to address several issues and the impact these issues would have on the business of NHW.

The main topic for discussion was mandatory warranty and how this legislation would change the Company and the industry. It was suggested that by Friday, March 13, 1998 a better understanding of the requirements for legislation would be known.

Other topics discussed:

1. NHW to be regulated under the FIA
2. Builder licensing
3. Who would be on the regulatory board?
4. Industry associations
5. Marketing

The meeting adjourned at 10:45 PM.

**NEW HOME WARRANTY
OF BRITISH COLUMBIA & YUKON**

MINUTES

**BOARD OF DIRECTORS
EXTRAORDINARY GENERAL MEETING
HELD**

**MARCH 12, 1998
9TH FLOOR BOARD ROOM, BC CENTRAL CREDIT UNION
1441 CREEKSIDE DRIVE
VANCOUVER BC**

Present:

David Metcalf
Danny Jadresko
Dom Piluso
Sonny Zart
Jim Thomson
John Tidman

David Verge
Bill Parneta
Neil Ziola
Kevin Mahon
Brian Tweed, Staff
Ralph Moore, Staff
Rita Wood, Staff

Guests:

Paul Cochran, KPMG Peat Marwick LLP, Chicago
Fred McCreath, Consultant
Keith Sashaw, CHBA-BC

Absent:

D. Penner
D. Penzer

Chairman, David Metcalf opened the meeting at 9:00AM welcoming the board members. Those present introduced themselves.

M/S/C D. Jadresko/D. Piluso

....that the minutes of the October 15, 1997 meeting be adopted as circulated.

Mr. Metcalf, then turned the meeting over to Mr. Verge to introduce Paul Cochran from KPMG Peat Marwick. Mr. Verge welcomed Mr. Cochran and stated that KPMG was retained through the direction of the the Board to have a third party actuarial study made on the risk fund. Mr. Cochran manages KPMG's Actuarial Department, and is a professional actuary.

Actuarial Review

Mr. Cochran began his presentation by thanking Mr. Verge and Mr. McCreath for their assistance in preparing his report.

Mr. Cochran stated that his report had three sections:

1. Executive summary
2. Methodology
3. Supporting Exhibits

Mr. Cochran advised that Peat Marwick was engaged for two purposes;

1. To provide an opinion of the funding level - the conclusion being that the funding level of \$18.9 million is sufficient to meet the indicated liabilities of \$ 17.9 million at February 28, 1997. Noting the following concerns:
 - I. lack of claim history for the extended warranty for structural defect claims
 - II. not considered the earnings of the investment income
 - III. no additional allowance has been made for the extraordinary claim payments resulting in water seepage problems and soil expansion problems
2. To comment on
 - a) data collection procedures
 - b) how we establish our enrollment fees and whether they are high enough

Mr. Cochran distributed a series of graphs on the estimated claims costs per enrollment and the estimated cost per claim with preliminary projections for 1998/99. Mr. Cochran concluded that the premiums collected for enrollments today are the same as 1993/94 and that the build up of the fund from the past has helped cushion the erosion. Mr. Cochran felt that the adequacy of the fund would be reversed if he were to do the same analysis today. He estimated that the average enrollment fee today would be \$377.

Mr. Cochran concluded his presentation and once again thanked David Verge , Fred McCreath and staff for all their assistance.

M/S/C J. Tidman/D. Piluso

.....that Paul Cochran's report be accepted.

Legal Update

Mr. Kuhn circulated his report on the legal actions involving NHW stating that the number of actions had decreased and that the #1 action that had been on the report for years had been settled for a much less amount than had previously been stated.

Commentary on Affairs of the Company

Mr. Verge began his report by stating that the housing starts were down approximately 10% from the previous year, however NHW's penetration in the market place continues at 60% of gross provincial starts.

Discussions continued on the Mandatory warranty and leaky condo issues.

A new communication firm, James Hogan and Associates has been retained to help design a new communications strategy to reposition NHW more favorably with its many audiences.

In conclusion Mr. Verge stated that until the new legislation is implemented and how NHW is to be regulated planning for this year will be difficult.

Financial update

Mr. Verge reviewed the financial statements at January 31, 1998 and the accompanying reports. Although revenue was down Mr. Verge stated that with strict controls of expenditures the company is still on a break even course.

1998-1999 proposed budget

Mr. Verge introduced the proposed budget stating that this was probably one of the hardest budgets to prepare given the unknown legislation. Mr. Verge stated that this was an *interim* budget based on current data and enrollments of 14,200. A new budget would be prepared once legislation was known.

M/S/C J. Thomson/Dom Piluso

.... That the interim budget for 1998-1999 be accepted.

Departmental updates

Marketing Department

Mr. Tweed outlined his report as presented in the Board package under Section 7.

Operations Department

Mr. Moore outlined his report as present in the Board package under Section 7.

Administration report

Mr. Verge stated that Mrs. Caparas was absent on holidays. The Board was referred to Section 7 of the Board package.

Meeting adjourned 3:15PM.

MINUTES

**BOARD OF DIRECTORS
EXTRAORDINARY GENERAL MEETING
HELD**

**JUNE 25, 1998 - 10:00 AM
COMPANY BOARD ROOM
VANCOUVER, B.C.**

Suite 760
1441 Creekside Drive
Vancouver, BC
V6J 4S7

Tel: 604.736.9231
Fax: 604.736.5399
Toll free: 1.800.663.4244
E-mail:
nhwp@newhomewarranty.bc.ca
Internet: www.nhwp.com

Present:

D. Metcalf
D. Jadresko
D. Piluso
M. Turner
J. Tidman

N. Ziola
D. Penner
B. Parneta
J. Thomson
D. Verge

Brian Tweed - Staff
Ralph Moore - Staff
Rita Wood - Staff
Chona Caparas - Staff

Guest:

K. Sashaw

Absent:

K. Mahon
D. Penzer
S. Zart

The meeting was called to order by the Chair at 10:05 AM.

The Chairman welcomed the Board and thanked them for attending on such short notice.

Mr. Verge introduced Chona Caparas to the Board.

Chona is Manager of Administration and was promoted to that position in late October 1997.

M/S/C D. Jadresko/J.Thomson

.....that a motion to waive notice of this meeting be accepted.

.....2

M/S/C N.Ziola/D. Piluso

....that the Minutes of the meetings of March 11 and March 12, 1998 be accepted with an amendment to the March 12, 1998 minutes as follows:

Amendment to Minutes of the Meeting of March 12, 1998.

That there was a further discussion referenced in the actuarial report issued by KPMG Peat Marwick LLP, Actuarial Division. Two points highlighted in the report should be identified specifically in the minutes:

1. "As discussed in greater detail in Section 2 "Other Considerations", we have not considered the future investment income expected to be earned on the amounts in the funds. To the extent that these future earnings offset future claim payments, our indicated total fund implicitly include a safety margin or "contingency" load. We believe that this contingency load is an appropriate offset for the uncertainly discussed in (1.) above."
2. "During the 1997/98 fiscal year, two types of claims have arisen which have potential for extraordinary claim payments. The first is the water seepage problems that have arisen in multi-unit buildings, primarily in Vancouver. The second is soil expansion problems for new homes in certain areas of British Columbia. We have not explicitly made any additional allowance for these claims in our estimates. An examination of data at the end of the current fiscal year may indicate the extent of increased liabilities."

Both assumptions refer to those referenced in Paragraph 1 "The lack of claim.. payment history for structural defect claims in years six to ten introduces a greater than normal amount of uncertainty into our projections. Although we have estimated future claims and claim amounts for these "extended" structural defect claims, actual claim payments may exceed expectation, perhaps significantly." All of which points were taken into consideration in the statement that the funding level of \$18.9 million is sufficient to meet the indicated liabilities of \$17.9 million.

The above amendment would be incorporated into the Minutes of March 12 and by the motion by Ziola/Piluso the Minutes were accepted.

...3

The Chair then opened the meeting with a general discussion on the Barrett Commission Report and its recommendations.

There was considerable discussion of those recommendations that have potential for significant new regulations on New Home Warranty's business. Particularly, a reference that home warranty providers be regulated by a new government agency called "Homeowner Protection Act".

In numerous communications between New Home Warranty and the Minister of Municipal Affairs and also New Home Warranty and the Barrett Inquiry, New Home Warranty recommended that the business of home warranties come under the supervision of the Financial Institute Act, rather than report to a Crown Corporation.

Another strong point discussed was the duration of the model of warranty identified in the Barrett Report that being; 10 years structural, 5 years water and 2 years workmanship coverages. All were at a loss in terms of where these recommendations came from and this new warranty recommendation is contrary to the warranty model that industry recommended to Government, the parameters being; 10 years structural, 3 years water and 1 year workmanship.

The Board members also discussed the remaining recommendations which included the discussion of the proposed reconstruction fund; intended to provide low cost funding to condo owners. Equally as significant, the administration of all the mandatory warranty and builder licensing regulations together with the administration of the construction fund to be part of the mandate of the new agency. "Homeowners Protection Office".

Board Governance

There appears to be a perception in the minds of the public, government officials and certainly in the reports from the media that New Home Warranty and its current Board structure favours the builder in its decision making. There is continued misapprehension that Builder Directors are directly involved in claims handling decisions and especially on their own buildings.

There was discussion about the need to correct the question of public perception and to that extent, the matrix of the board maybe a matter to be taken up with CHBA (shareholder) with a view to providing a balance on the Board by inviting a number of other constituencies to have representation.

There was discussion with respect to ownership of the company as being an issue and following comments made by the Company's solicitor and the Company's President which suggested that the issue of ownership is not the perceived issue and the more immediate perception to be addressed is that of Board governance.

There was consensus that the issue of Board governance be referred to the Shareholder for discussion and resolution.

Mr. Jim Thomson, President of CHBA stated that it would be discussed in detail at the next CHBA meeting in Kamloops on July 10/11, 1998 and CHBA would report back to the Board as soon as possible.

....5

Other Business:

Mr. Verge advised the Board that he had been in touch with KPMG and had provided actuarial data to Paul Cochran, with a request that Mr. Cochran undertake actuarial work similar to that of the previous year and provide a revised actuarial report with comments on the sufficiency of the Company's reserves relative to its potential liabilities. Mr. Verge also asked Mr. Cochran to incorporate in his report comments in respect to the potential liability to be dealt with, if Government incorporates the warranty model set out in the Barrett Report and also to comment on an approximate premium range.

Jim Thomson, President of CHBA, advised the Board that in his capacity as Association President he had met independently with a representative from the Vancouver office of KPMG with the intent of exploring CHBA's options in respect of its ownership of New Home Warranty and the recommendation contained in the Barrett report to divest itself of that interest.

Legal counsel spoke on the question of New Home Warranty's privileged tax status and the benefits that flow through to the builders with lower premiums resulting from that special status. The not-for-profit status, paragraph 149 (1)(l) of the Income Tax Act is referenced in the articles of incorporation.

This special status is subject to annual review. Legal counsel reminded the Board that if attempts be made to sell the Company it would most likely result in a conclusion by Revenue Canada that it was never the intent of the Shareholder to retain the Company as not-for profit, resulting most likely in a reassessment for tax purposes. The result of such assessment together with penalty and interest could put the company's reserves in a position where it could now be deficient and maybe subject to regulation by one or more regulatory authorities.

These issues were discussed in considerable frankness by the Board.

Following conclusion of discussion, Mr. Thomson indicated he wished to explore this further with KPMG

M/S/C J. Thomson/B. Parneta

.... That we retain KPMG to update our actuarial analysis and also to report on the feasibility of the ongoing viability of the Program. This study is to be undertaken within thirty days or as soon as possible. KPMG to report to a committee of four appointed by the Board. A Quotation is to be obtained and if within \$75,000.00 to go ahead.

M/S/C D. Piluso/M. Turner

.... That a committee of four directors be formed to review the report from KPMG. The Committee appointed:

President & CEO
Chairman of the Board
Jim Thomson
Neil Ziola
Rita Wood, Staff

The Chair asked Mr. Keith Sashaw of CHBA to speak on the Labour code amendments and bill 26.

Mr. Verge reviewed the financial statements at year end February 28, 1998 stating the audit had been completed and the financial statements have been reviewed for presentation at the annual meeting to be held in the fall.

Mr. Verge then reviewed the financial statements for the first quarter to May 31, 1998 stating that enrollments were down. A moratorium has be placed on discretionary spending.

The meeting adjourned at 2:15 PM.

**NEW HOME WARRANTY
OF BRITISH COLUMBIA & YUKON
MINUTES
BOARD OF DIRECTORS
ANNUAL GENERAL MEETING
HELD
OCTOBER 28 AND 29, 1998
AT THE
GEORGIAN COURT HOTEL
773 Beatty Street, Vancouver B.C.**

Present:

David Metcalf
Danny Jadresko
Dom Piluso
Sonny Zart
Jim Thomson
John Tidman
Mark Turner
Doris Penner
Kevin Mahon - absent 28 Oct.

David Verge
Bill Parneta
Neil Ziola - absent 28 Oct.
Doug Penzer
Brian Tweed, Staff
Ralph Moore, Staff
Chona Caparas, Staff
Rita Wood, Staff

Guests:

Reg McKinley, - Auditor, Henshaw, Kjellbotn & McKinley - 28 Oct. only
Mary Jane Yule - Investment Counsel, Jones Heward Investments - 28 Oct. only
Robert Kuhn - Legal Counsel
Keith Sashaw - CHBA

October 28, 1998

The meeting was called to order by the Chair at 8:30 PM. The Chair thanked everyone for coming and asked that those in attendance introduce themselves.

M/S/C D. Piluso/M. Turner

....that the Minutes of the June 25, 1998 meeting be adopted as circulated.

...2

Investment Report:

Mary Jane Yule, Director Fixed Income Investment, Jones Heward Investment Counsel Inc., began her presentation by explaining the investment policy of NHW. Ms. Yule pointed out the key characteristics of the portfolio and gave a review of the portfolio's performance. It was noted that a combined performance of 8.8 has been realized by the portfolio. Ms. Yule stated that no additional cash has been injected into the fund during the year, however withdrawals are now in excess of \$ 4.5 million. The portfolio has declined from \$21.6 to \$18.3 million.

Ms. Yule was asked if the current philosophy of the policy was still valid. She stated, "yes", saying the portfolio was managed very prudently.

Her presentation reviewed, economic outlooks for the United States and Canada showing British Columbia with employment, housing starts and consumer confidence at an anticipated low for 1999.

M/S/C/ John Tidman/Jim Thomson

... that the investment policy be ratify and appoint Jones Heward Investment Counsel Inc. as Investment Managers for the following year.

Year end Audited Financial Statements 28 February 1998

Mr. Reg McKinley, Chartered Accountant, Henshaw, Kjellbotn & McKinley, reviewed the audited financial statements at 28 February 1998, showing charts of comparisons between 1998 and 1997. Mr. McKinley pointed out that the most noted change was in the claim costs for the year, due to the soils and leaky condo issues.

Mr. McKinley advised that the semi-annual review had taken place in mid-September. He had reviewed the books and accounts to August 31, 1998 and stated that the accounting practices were in order.

Jim Thomson asked Reg McKinley if the audit went beyond examination of the books and accounting records and also reviewed the company's operating systems and procedures. Reg McKinley advised that the audit did include test and review of systems and procedures.

M/S/C David Verge/Danny Jadresko

... The audited statements for the period ended 28 February 1998 be accepted as presented and that Henshaw Kjellbotn & McKinley, Chartered Accountants, be appointed auditors for the following year.

...3

Mr. Verge reviewed the claims data by way of slides, showing the types of enrollments at risk and the number of claims being experienced in specific years. It was noted that the cost per enrollment, once everything is factored in, now falls far below the actual enrollment fee received. Mr. Verge suggested that if the government defers the implementation of the Homeowners Protection Act beyond 1 May, it would be prudent to come to the Board with a revised increased premium scale in order that recovery can start to be made.

It was noted that regardless of what new coverage and corresponding fee is eventually required to satisfy the Homeowner Protection Office, there would have to be incorporated into the fee structure a levy sufficient to stabilize the reserve fund and offset the unusual recent high claims being experienced.

Richard Stewart was introduced to the Board at which time he requested that his presentation be off record.

The Board broke for lunch and photographs.

A long discussion took place around the requirements that may be required for mandatory warranty insurance providers.

Our competition was discussed. The Board suggested ways in which builders should be made aware of what we offer verses the competition. It was suggested that a bulletin might be made available stating "When selecting a warranty provider, here are the questions that should be asked."

Actuarial Report

Jim Thomson advised the Board that if they recalled at the last board meeting a motion was past to conduct another actuarial report from KPMG. Mr. Thomson stated that what he originally had in mind for the audit was long reaching and very involved. However, in the end was convinced to have a well defined audit. Unfortunately, the report from Paul Cochran of KPMG Chicago was not yet completed, but was expected to be available around the 20th of November. Mr. Thomson noted, that as soon as the report is made available and the committee has reviewed the report, a board meeting would be called to examine the report and investigate whether we need re-insurance and how much. Mr. Thomson apologized for the delay in receiving the report. KPMG has been instructed to deliver the report as soon as possible. Mr. Thomson stated that management of NHWP had nothing to do with the delay in receipt of this report. The process became more complicated with the involvement of legal council in redefining the engagement to minimize cost.

Board of Governance

Mr. Jim Thomson reported that at the Board of Directors meeting of CHBA in July a resolution was passed to direct the Executive Board of CHBA to amend the Board of Governance of NHW as appropriate. Mr. Thomson advised that the Board might be comprised of 1/3 outside stakeholder groups. A letter has been drawn up to go to a number of outside groups asking for nominees to fill Board positions.

Mr. Thomson advised that further consideration is being given to changing the length of the director's term to provide some continuity. As it stands now, the Past Chair of CHBA becomes the Chair of NHW, however, when the new Board is formed the directors will most likely elect the Chair. The duration of the Chair's term is also under consideration. All these changes will hopefully help eliminate the perception that NHW exists for the benefit of its shareholder, and its decisions are bias toward builders. It is expected by the 15th of December a list of nominees will be available. It was decided, that the current Board of Directors of NHW will stay until the Executive Board of CHBA announces the new Board makeup, which could be as early as January.

Legal update

Mr. Kuhn distributed a report outlining 55 actions against NHW of which 30 are supreme court actions and 25 small claims actions.

Mr. Kuhn elaborated on some of the actions stating that if every existing action came to fruition our ultimate exposure would be 9.5 million. In his opinion, this would be the worst case scenario however, we could pay these claims and still carry on business.

M/S/C N. Ziola/D. Jadresko

.... To appoint Bob Kuhn of Kuhn & Co. as Lawyers for the following year.

M/S/C D. Verge/M. Turner

.... Retroactive to 28 September 1998, that Kuhn & Co.'s Vancouver Office be the records office for New Home Warranty of British Columbia Inc. and all of its Subsidiary Companies.

A discussion ensued regarding the possibility of entering into an agreement with a large insurance provider. Mr. Kuhn was asked his opinion as to whether or not the company could enter into an arrangement with a large insurance provider and maintain its not for profit status. Mr. Kuhn advised that on the surface he could not see any obvious reasons but, he would have to take a much closer look and if we move in this direction we would have to be cautious in this respect.

David Verge stated that if the Board was to consider such an arrangement he would seek an advance ruling from Revenue Canada. There was a consensus from the Board to investigate further a relation with a large insurer.

Committees

Mr. Metcalf stated that in accordance with the Insurance Act committees for the following will need to be created:

- Conduct Review Committee
- Audit/finance Committee
- Investment and Investment Policy Committee

M/S/C J. Thomson/D. Piluso

.... To create the committees and appoint committee members.

Mr. Verge stated that the committees would be formed later in order to give the President and Chair time to canvass board members. Mr. Verge stated that the Treasurer would be required to serve on the Audit/Finance Committee as well as the Investment Committee. He explained that the Discipline Committee is a conduct review committee which is intended to review the involvement of members and senior officers in keeping with their fiduciary responsibilities and any questions of conflict that may arise.

Departmental Reports

Marketing Department
Operations Department
Administration

Each Department Head referred to their section in the binder and answered questions from the floor.

Mr. Metcalf then announced that he had concluded his term as Chair and thanked the Board and staff for their support. Mr. Metcalf personally acknowledged how dedicated David Verge was to the Program and thanked him for his support.

Mr. Metcalf announced that Neil Ziola would be retiring from the Board and thanked him for his continuous support for the last 12 years .

The gavel was then turned over to the in-coming Chair, Jim Thomson. Mr. Thomson then thanked David Metcalf and presented him with the honorary NHW pin. Mr. Thomson also thanked Neil Ziola for his support.

Mr. Thomson stated that for the foreseeable future there would likely be more frequent meetings. Some of which maybe by way of conference calls.

Mr. Thomson then asked if there was any further business. There being no further business the meeting adjourned at 3:30 PM.

**NEW HOME WARRANTY
OF BRITISH COLUMBIA & YUKON**

MINUTES

**BOARD OF DIRECTORS
EXTRAORDINARY GENERAL MEETING
HELD**

**JANUARY 28, 1999 AT 10:30 AM
COMPANY BOARD ROOM
VANCOUVER, B.C.**

Present:

Danny Jadresko

David Metcalf

Doris Penner

Doug Penzer

Jim Thomson (Chair)

Mark Turner

Kevin Mahon

Bill Parneta

Dom Piluso

Gary Senft

John Tidman

David Verge

R. Kuhn, Legal Counsel

Absent:

Sonny Zart

1.

The Chair, Mr. Jim Thomson, called the meeting to order at 10:30 AM.

2.

The Chair called for introductions, and welcomed Gary Senft to his first meeting as a Director.

3.

M/S/C/ J. Tidman/D. Penzer

....that the minutes of meetings of 18 and 29 October be accepted.

...2

4.

The Chair, Mr. Thomson, outlined to the Directors that the Director's meeting scheduled for 17 December was cancelled at the last moment, to permit the Board's Committee to examine with Mr. Paul Cochran, Actuary with KPMG, the content of his draft report. At the time, it was the view of the committee, that the report was incomplete and needed revisions before it could be presented to the Board in final form.

The Board committee met with additional consultants from KPMG and Morris & Mackenzie Inc., insurance specialists, to examine the Company's position and to examine options open to the Company to meet the challenges facing warranty providers under the new Homeowner Protection Act and its regulations which were expected by early January.

5.

The Chair introduced the KPMG report, and drew the Directors attention to the report being directed to the attention of Mr. R. Kuhn of Kuhn & Co.

Mr. Kuhn spoke to the Directors and advised that the report was confidential and for information of the Directors only, its contents not to be divulged to anyone. Mr. Kuhn advised that in anticipation of litigation, and also, as a result of the number and dollar amount of claims arising principally from the leaky condo crisis and the negative effect on the Company's reserves, and the possibility of the report being referenced in current or future legal actions, it was decided that the interests of the Company were paramount and that the report should be obtained by and directed to Mr. Kuhn and subject to Solicitor-Client privilege.

The Chair reviewed the report section by section. The report highlighted that in recent years many wood frame stucco clad, 4 story condo buildings suffered unusual water penetration problems resulting in structural degradation. The number of claims increased with media attention, with Condo Counsels retaining Building Envelope Consultants who produced reports that Condo Counsels used as support documents when making claims against the Company for multi family building common property warranty coverage.

Last spring, the BC Government created a special committee of inquiry to hear submissions from condo owners and others having an interest. The conclusion and recommendations of the Barrett Commission, chaired by David Barrett led to the creation of the new regulated framework and additional leaky condo claims against N.H.W.

N.H.W. responded by instituting many actions including hundreds of Province-wide technical seminars drawing attention to the problems, incorporating in its documents, requirements for third party verification from building envelopes, and putting more technical staff in the field to review field practices. The City of Vancouver introduced a new building bylaw that required all new buildings, and existing building envelope repairs to incorporate a rain screen principal. The intent of the principle is to intercept water that might penetrate the building exterior and channel the water to the outside, thereby, lessening the likelihood that the wood assembly inboard of the air space and membrane would become soaked and cause structural damage.

Concurrent with the leaky condo claim crisis, the Province experienced a dramatic downturn in economy. Gross housing starts plummeted from in excess of 43,000 in 1994 to about 19,000 in 1998. Home enrollments dropped from the 22,000 range to about 11,000 in the same period.

The Company has had some success in recovering costs on claim losses, and has instructed legal counsel to intensify its efforts to recover our costs by whatever available means. Builders, professional designers, generals, trades and insurers are not as a rule willing partners in working towards settlements, leaving in most cases legal recourse as the sole alternative.

The Board was advised that recoveries may improve as Builders will need warranty provider approval in support of their applications for a provincial builder's license.

The Chair reviewed the report methodology, and other data, noting that when leaky condo claims are backed out of the analysis, the results are consistent with the previous report. The Chair, President and Legal Counsel responded to questions from the Board on issues arising from the report and how they as Directors might be involved.

6.

The Chair outlined to the Directors actions taken by the Committee to seek expert advice that would be beneficial to the Board.

1. Morris and Mackenzie Inc., Insurance specialists, were retained to assist the Company in pursuit of an Insurance Company partner who would be prepared to work with the Company to obtain operating approval from the Financial Institutions Commission; to reinsure new risk arising with implementation of new regulations, and to shore up the Company's reserves to permit it to run off its old warranty exposures.

The Board was advised that it is still the Company's plan to eventually work towards meeting the F.L.C.O.M. criteria as a General Insurance Company.

Numerous meetings have been held with Morris and Mackenzie to identify what needs to be provided to one or more General Insurance Companies who may express an interest in working with the Company in the new field of providing Home Warranty Insurance.

7.

Legal Counsel, Mr. Kuhn, reported that he had sought and received independent legal opinion from a Toronto law firm, which are specialists in insurance issues, to examine the company's position and areas where Directors might be subject to personal liability, further the opinion dealt with the current Directors and Officers Liability Insurance policy. The opinion supported the steps the Company had taken to date in retaining expert assistance. The opinion concluded with a number of recommendations to secure the position of the Company, its Directors and its employees and to indemnify its Directors.

Legal Counsel responded to questions from the Directors on the opinion.

...5

The opinion referenced several issues specific to British Columbia. Legal Counsel addressed the Directors on these issues, and following, it was the consensus of the Directors that Legal Counsel seek an independent opinion from a BC law firm having expertise on BC Insurance matters. Legal Counsel advised that he would undertake to find a law firm in the Province which would prepare an opinion on a full confidentiality basis.

The following motions were considered and approved by the Directors:

- (a) M/S/C G.Senft/D.Penner
the Directors ratify the course of action of the Board Committee to have legal counsel retain KPMG, Chicago Actuary Division, to undertake the actuarial report, the final report of which was delivered to Legal Counsel on 25 January 99 and to retain Morris and Mackenzie Inc. to assist the Company in its go forward plan and to ensure an insurance partner is found.
- (b) M/S/C D.Piluso/D. Metcalf
that the Company set aside resources sufficient to cover the costs of experts retained by the Company to provide professional assistance to the Company in its pursuit of go forward business plan.
- (c) M/S/C J. Tidman/D.Metcalf
that the Company set aside sufficient resources in trust with legal counsel to protect the Company's employees, salaries and pay withholding obligations including vacation pay in an amount equal to six months at current scale.

....6

(d) M/S/C G.Senft/D.Penzer

....

that the Company investigate increasing the Directors and Officers Liability policy from its present level to 10 million dollars, and attempt to eliminate the policy exclusion referencing actions arising from warranty policy holders.

(e) M/S/C D. Piluso/D. Metcalf

....

that the Company with the assistance of Legal Counsel investigate the possibility of setting up a trust or other fund to be used by the Company, in the absence of appropriate insurance, to pay legal defense costs of the Company if the Company is required to defend its position, or that taken by the Directors, in relation to decisions made to date.

8.

Mr. Verge reviewed and commented on detailed claims data provided and in particular commented on the effect of the leaky condo experience and the significance in the overall claims experience. Claims data covered all periods from inception to 31 December 1998.

9.

The Chair advised the Board that the shareholder had given its consent to a Board Governance change to the Board of Directors of New Home Warranty of British Columbia Inc. The Board Governance issue arose during the Barrett Commission of inquiry into leaky condos when some parties concluded that the relationship between the company and its shareholder might be in conflict.

A commitment was given to Government that a number of Director positions would be filled by other stakeholder groups. The Chair reviewed the list of consumer, government and business organization that were asked to provide nominees from which Directors may be selected. This process is ongoing and will likely be concluded before the end of 1999.

...7

10.

Mr. Verge advised the Directors, that in their capacity they had in their Board package a copy of the Homeowner Protection Act regulations which were approved by Cabinet on 20 January and with an implementation date of 1 May 1999. Directors were advised to read the regulations to become fully familiar with the provision of the Act and the regulations.

11.

Mr. Verge advised the Directors that they will be kept advised on revisions to Builder registration documents, home enrollment documents and criteria, and new home enrollment premiums. Mr. Verge outlined that in future home enrollment premiums must account for three risk curves, - the builder as risk, the building and components as risk and the geography as risk.

There being no further business, the meeting was adjourned at 3:00 PM.

Copy

December 7, 1999

Via Facsimile Transmission (844.1888)

Ms. Robyn Allan
Economic & Financial Advisor
The Barrett Commission
Suite 629 999 Canada Place
Vancouver BC V6C 3E1

Dear Ms. Allan:

RE: BOARD OF DIRECTORS MEETING
- March 19, 1999

Further to our telephone conversation earlier today and your request for a copy of the Minutes of the Board of Directors Meeting held on March 19, 1999; please be advised that a copy of such has not been located. Upon asking the remaining *New Home Warranty* staff, it would appear that minutes to this Meeting were not prepared by us.

Further, I did contact our corporate legal counsel, *Kuhn & Company*, and apparently they do not have a copy of such minutes either.

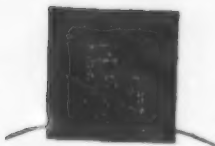
Yours truly,

Copy

R. Moore

RMrs

Copy: Robert M. Rusio, KPMG
Susan A. Griffin, Power Miller



FRASER MILNER
Barristers & Solicitors

SUSAN A. GRIFFIN
Direct Line: (604) 443-7141
Internet: Susan.Griffin@FraserMilner.com

December 3, 1999

VIA COURIER

Ms Robyn Allan
CYF Consultants
502-1970 Haro Street
Vancouver, BC
V6G 1H6


Dear Ms. Allan:

Re: KPMG and New Home Warranty Program of British Columbia

As requested, I enclose minutes of a Board meeting held March 29, 1999 (although there might be some uncertainty about the date, as the last page refers to March 26, 1999).

Yours very truly,
FRASER MILNER

Per:


Susan A. Griffin

SAG/clh
Enclosure
144-11373-0500-04 CO

**MINUTES OF A MEETING OF THE DIRECTORS OF
New Home Warranty of British Columbia Inc.**

Held on the 29th day of March, 1999

by telephone conference call
at the hour of 2:30 o'clock in the afternoon

PRESENT:

Jim Thomson
David Metcalf
Doris Penner

Mark Turner
Sonny Zart
John Tidman

Daniel Jadresko
Don Piluso
Doug Penzer

An Emergency Meeting of the Board of Directors of New Home Warranty of British Columbia, Inc. (the "Company") was called for Monday, March 29, 1999. It was held by telephone conference through the offices of Lang Michener Lawrence & Shaw. In attendance were Jim Thomson* (Chair), David Metcalf, Doris Penner, John Tidman, Mark Turner, Daniel Jadresko, Don Piluso, Doug Penzer, and Sonny Zart. Also at the meeting were Bob Kuhn*, counsel for the Company, and Keith Clark* and Margaret Sims*, of Lang Michener Lawrence & Shaw, insolvency counsel for the Company. (* indicates persons at Lang Michener's offices for conference call). The meeting was adjourned at 3:35.

Jim Thomson advised that meeting that he had been advised that the government would not be offering a bail-out proposal, and there seemed to be no alternative but to file a Notice of Intention under the *Bankruptcy and Insolvency Act*. Keith Clark explained the proposal to creditor process and that the proposal was to create an orderly means to come up with the best solution and alternative for the Company's creditors. Jim Thomson indicated that two potential Trustees had been interviewed and that he recommended that Bob Rusco of KPMG Inc. be selected as Trustee.

ON MOTION DULY MADE, SECONDED AND CARRIED, Jim Thomson acted as CHAIRMAN at the meeting. A quorum of Directors being present, the Chairman declared the meeting to be regularly constituted. The Chairman reported that the Company was in financial difficulties in that, after taking into account its contingent liabilities, the aggregate of its property is not sufficient to enable payment of all of its obligations due and accruing due. It was therefore RESOLVED that the Company file a Notice of Intention for the purpose of filing a Proposal under the *Bankruptcy and Insolvency Act*, and that for that purpose Jim Thomson or Doris Penner be authorized to execute such documents in connection therewith as may be required.

ON MOTION DULY MADE (Doris Penner), SECONDED (Daniel Jadresko) AND CARRIED it was resolved that the Company would seek to retain Bob Rusco of KPMG Inc. as Trustee for Company to be named in the Notice of Intention.

ON MOTIONS DULY MADE (Don Piluso), SECONDED (John Tidman) AND CARRIED, the the Board passed the following resolutions which ratified the following resolutions originally made at the Board Meeting on March 26, 1999:

- 2 -

1. That all banking arrangements be modified to delete David Verge as an authorized signatory and add Ralph Moore and Doris Penner, such that any either Ralph or Rita together with Jim Thomson or Doris Penner, or Jim and Doris together, can sign all bank instruments. Jim Thomson is authorized to execute all documents putting these arrangements into place on behalf of the Board and Company. M/S/C unanimously.

2. That Jim Thomson serve as Interim President, Chief Executive Officer and Secretary of the Company, with full rights to retain and make arrangements with Robert Kuhn and other legal counsel as appropriate. M/S/C unanimously.

3. That a fund of \$300,000.00 be paid into trust for purposes of defending the Directors of the Company against any claims. The terms and conditions as well as the placement of the trust funds is to be determined in the discretion of Jim Thompson.

A draft press release and the issue of a press-conference was discussed.

UPON MOTION DULY MADE, SECONDED AND CARRIED, the meeting adjourned.

Chairman

Certified to be a true copy of the minutes of the meeting of the Directors of NEW HOME WARRANTY OF BRITISH COLUMBIA INC. held on the 26th day of March, 1999 in the Province of British Columbia.

THE RENEWAL OF TRUST
IN
RESIDENTIAL CONSTRUCTION
PART II
VOLUME THREE - B — DOCUMENTS

COMMISSION OF INQUIRY INTO
THE QUALITY OF
CONDOMINIUM CONSTRUCTION
IN
BRITISH COLUMBIA

Submitted to
The Lieutenant-Governor in Council
Government of British Columbia
by
Dave Barrett, *Commissioner*

March 2000

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Canadian
Home Builders'
Association

BRITISH COLUMBIA

**Executive Committee Meeting
November 17, 1997**

MINUTES

In Attendance:	Jim Thomson	Teleconference:	Gary Senft
	Doris Penner		Peter Schultze
	Doug Penzer	Regrets:	Jeff Loucks
	Neil Ziola		Dave Metcalf
	Keith Sashaw	Recorder:	Harbinder Kainth

1. Welcome and Call to Order
2. Adoption of Agenda
3. Approval of Previous Minutes

President Jim Thomson welcomed everyone and called the meeting to order at 1:00 pm. The agenda was adopted as presented. Doris Penner motioned and Neil Ziola seconded to approve the minutes of the previous meeting.

4. CHBA-BC Association Activities

i) Education and Training

Lisa Washbrook reported on the activities of the Education and Training Department.

Six courses were scheduled for delivery in the Fall. One course has been delivered, and the Building Code course was canceled. Another marketing flyer has been sent out to generate more interest. It was reported that a mailout had also been sent out to New Home Warranty members.

Lisa Washbrook reported that the number of participants in each class is very low.

Doris Penner recommended, since CHBA-BC had broken even on the other courses, to deliver the remaining courses. Construction Law, however, must have a minimum of 15 participants. It was agreed to deliver courses, as long as CHBA-BC breaks even on the entire course schedule.

Neil Ziola suggested sending out another fax, focusing only on the Construction Law course, since the issue of Builders' Lien is an active one. It was recommended that the fax be sent to the Fraser Valley, Chilliwack and Greater Vancouver locals.

There was discussion on the issue of marketing the course schedule. It was reported that those interested individuals from last term were contacted again to determine their participation.

Jim Thomson mentioned the potential need for education and training, and visualizes CHBA-BC, not as an educator, but as a coordinator of courses.

The challenge lies in the delivery cost. It was discussed that courses could be offered at colleges or over the Internet. A certificate from a recognized college adds more credibility, and the scope of participants could be enlarged. Colleges have a broader distribution and the marketing expertise could be utilized. However, continuing education is a tough sell. Videoconferencing is also an option.

If we are lobbying for increased education and training, we have an obligation to deliver the courses. However, the government can be involved in the solution. It was agreed that CHBA-BC must investigate opportunities and build partnerships.

It was reported that CHBA Victoria and Fraser Valley HBA are in the process of obtaining funding from the provincial government to deliver the CRB program.

Jim Thomson mentioned the possibility of meeting with the Minister of Education at the same time as meeting with the Minister of Housing.

*Action By: Doris Penner / Lisa Washbrook
When: on-going*

ii) Housing Tech '98

A tentative outline for the forum was distributed.

Keith Sashaw noted that he had met with Ron Dewhurst who is involved in the telecommunications industry. There are many opportunities for this new technology as the current system of wiring is outdated. If companies are aware of this, they will gain a competitive edge.

This would be an appropriate topic for the forum, and it was suggested that the Builders' Lien seminar be replaced by this one.

It was agreed that marketing for the forum should be done outside the member community.

It was reported that the budget is based on 120 participants, but the desired number is 200 people. Last year, there were 150 participants.

Carol Smith will also be doing a all-day seminar on February 15 on customer service. Neil Ziola suggested that there should be something planned to deal with the "Leaky Condo" issue.

Keith Sashaw agreed, noting that a day-long symposium could be held in April. The Ministry, as well as UDI and CHOA could also become involved. It was suggested to have Joe Lstiburek speak in the morning and facilitate workshops in the afternoon.

*Action By: Doris Penner / Lisa Washbrook
When: February 14, 1998*

iii) Membership

Keith Sashaw reported that the Local Associations are in the process of updating their membership projections. Total membership is approximately 1200.

It was commented that the Local Associations have not reported any problems. Comox has resolved their problem and Fraser Valley is doing extremely well.

Keith Sashaw noted that he had attended the Executive Officers' Council conference, and that the issue of liability was one that was thoroughly discussed.

It was noted that the concept of engaging a professional membership recruiter was raised at last year's Executive Meeting. Full involvement of locals is required in order to find a suitable salesperson.

There is interest in establishing a Local Association in Salmon Arm.

*Action By: Keith Sashaw
When: on-going*

iv) Georgies

Colleen Watts reported on the Georgies.

The 1998 Georgie Awards will be held on November 7, 1998 at the Hyatt Regency.

The first meeting of the Georgie Management Committee will be held on December 2, 1997 and the Criteria Committee will meet on November 20, along with Peter Mayer.

Doug Wilson has agreed to serve as the Sponsorship Chairman. It was noted that the sponsorship package will be updated.

Colleen Watts reported that Chair Brian Tweed and herself will be updating the budget and readying the call for entries.

It was noted that it would be beneficial for a builder member to be included as a member of the Georgie Management Committee, with the intent that that builder would become Chair for the following year.

Jim Thomson will approach Doug Wilson to determine his level of interest.

Doug Penzer is interested in becoming a member of the Georgie Management Committee. Jim Thomson would also like to be notified of the Georgie Meetings. It was commented that it is beneficial to have a tie-in to the Executive Committee.

It was reported that the issue of non-members entering the Georgies was raised at the Board Meeting. The value of a Georgie has become priceless, from a marketing standpoint, and non-member winners do not see any "benefit" to becoming a member. It was recommended that the Georgies allow for a two-tiered pricing structure for entry fees.

Neil Ziola commented that the Executive Committee can make this a formal policy, however, a recommendation to the Georgie Committee would be a much nicer way to allow the Committee to make the decision.

Financial results have not been finalized yet.

*Action By: Brian Tweed / Colleen Watts
When: on-going*

5. Review and Approval of Proposed Schedule of Activities

i) Board Meetings - Frequency and Location

It was recommended that the Board Meetings taken on a higher profile. A reception held the night before, or the Minister as a guest speaker are some ideas to make the meetings more eventful.

*Action By: Keith Sashaw
When: on-going*

ii) October Event - Richard Stewart Proposal

Neil Ziola noted that Richard Stewart should be thanked for his hard work on this proposal.

It was noted that the proposal outlines a 1-day Housing Policy Forum, dealing with governmental issue. Keith Sashaw noted that Richard Stewart would be prepared to chair this committee.

*Action By: Keith Sashaw / Richard Stewart
When: on-going*

6. Confirmation of Committee Chairs

The following are confirmed committee assignments

◆ Education and Training	Doris Penner
◆ Technical Advisory	Doug Penzer
◆ Housing Policy Advisory	Herman Rebneris
◆ Economic Research Council	Jeff Loucks
◆ Georgie Management	Brian Tweed
◆ Renovations Council	Peter Schultze / Ken Sawatsky

Canadian Home Builders' Association Representation

◆ NETAC	Dave Metcalf
◆ TRC	Neil Ziola
◆ ERC	Richard Stewart
◆ Renovations Council	Ken Sawatsky
◆ Board of Directors	Jim Thomson, Doris Penner

Keith Sashaw will chair the Bill 44 Committee, whose members will include Peeter Wesik and Andrew Grant.

It was noted that it would be prudent for the chair of the provincial committee to be the national representative.

Neil Ziola noted that he will become Chair of TRC next year, at which time, a new Provincial representative is required.

Keith Sashaw mentioned that he will be meeting with Herman Rebneris in Victoria, as to his level of participation and role of chair.

*Action By: Committee Chairs
When: on-going*

7. Discussion of the Thomson Agenda

Jim Thomson noted that are 34 issues which are of concern to CHBA-BC, dealing with all aspects of the industry and the association.

It was noted that alongside each issue, it should be identified how the government can assist. Each issue has been prioritized and assigned a committee.

Discussion ensued regarding each issue on an individual basis to determine its priority level and specifics about each issue.

Some issues that were discussed:

- ▶ Leaky Condo seminars
- ▶ Using Housing 2020 as a tool for our Association
- ▶ CRB Program - push and find support for delivery
- ▶ Apprenticeship - multiskilling vs. Traditional craft and what our position is regarding training. It was pointed out that CHBA-BC is one of the few associations that allows our members' apprentices to be indentured to the Association.
- ▶ R-2000 - Doug Penzer will report on this issue at a later date.
- ▶ Communications - Newsletter BC Benchmark fax vs. mailout in newsletter format
- ▶ Membership recruitment
- ▶ Website promotion
- ▶ Effective committees - heighten level of participation and involvement

*Action By: Jim Thomson
When: on-going*

8. Meeting with Minister

i) Review of Items to be Discussed

A meeting with the Minister has been scheduled for November 28, 1997. It was suggested to present him with Housing 2020. Other issues to be discussed will be leaky condos, industry accreditation and warranty programs.

It was recommended that the Ministry could be approached to co-sponsor a day-long seminar on Leaky Condos which would provide tangible action items.

It was decided that the Executive would meet beforehand to develop an agenda.

*Action By: Jim Thomson / Keith Sashaw
When: November 28, 1997*

9. Correspondence

a) ASTT - Memorandum of Understanding

Jim Thomson noted that he has read the document. Doug Penzer questioned interest of a joint membership. It was agreed that the memorandum will be executed and signed.

*Action By: Jim Thomson / Keith Sashaw
When: as soon as possible*

b) HRAI - Letter regarding BC Building Code

Neil Ziola reported that HVAC is lobbying to keep the ventilation simple, and trying to explain that this is not required in the BC Climate. CHBA-BC should support their position and this issue will be discussed at the Building Safety Advisory Council.

*Action By: Neil Ziola / Keith Sashaw
When: BSAC Meeting*

c) Nomination of Ken Sawatsky

Keith Sashaw reported that Ken Sawatsky is requesting that CHBA-BC nominate him for 1st Vice President for CHBA at the National level.

It was unanimously agreed to nominate Ken Sawatsky.

*Action By: Keith Sashaw
When: as soon as possible*

10. Treasurer's Report

Keith Sashaw reported Jeff Loucks will review and revise the budget. There are no financial statements to be presented at this meeting.

Keith Sashaw reported that Trusha Pandit has suffered complications due to her pregnancy, and Julie Burton has taken her place.

*Action By: Jeff Loucks / Julie Burton
When: next meeting*

11. Other Items

i) Implementation Committee -SSR

Keith Sashaw reported that, based on the "The Next Horizon" document, an advisory group has been established. Keith Sashaw has been asked to sit on this committee. It was recommended that an alternate from CHBA-BC be chosen, in the event that Keith is unable to attend.

*Action By: Keith Sashaw
When: on-going*

ii) Construction Industry Review Panel

A meeting with the Construction Industry Review Panel (Stan Lanyon and Stephen Kelleher) has been scheduled on December 9, 1997 at 12:15 pm.

It will be important to convey own construction experiences, and the disadvantages of unionization to the industry.

*Action By: Jim Thomson / Executive
When: December 9, 1997*

ii) Discussion Paper:

It was noted that a response was required today. It was agreed to support and endorse the model of the Residential Council. It was recommended to address the issues of owner-built homes, duplication of inspectors, disclosure of ratings and costs.

*Action By: Jim Thomson / Keith Sashaw
When: November 28, 1997*

iii) Neil Ziola reported that Wally Miller is recuperating and is going home tomorrow.

12. Adjournment

There being no other business, President Jim Thomson adjourned the meeting at 4:10 pm.



Canadian
Home Builders'
Association

BRITISH COLUMBIA

1997/98 CHBA-BC Annual General Meeting

Coast Capri Hotel, Kelowna, B.C.
Thursday, October 16, 1997

M · I · N · U · T · E · S

1. Call to Order

The meeting was called to order by President Dave Metcalf.

2. Adoption of Agenda

Mark Turner motioned and Neil Ziola seconded to adopt the agenda.

3. Approval of Minutes of Last Meeting

Peter Schultze motioned and Len Storey seconded to approve the minutes of the previous meeting.

4. Ratification of Executive and Board Actions

Dan Funaro motioned and Mark Turner seconded to ratify the actions of the Executive Committee and the Board of Directors. All were in favour. The motion was carried.

5. Review of Audited Financial Statements

Peter Schultze motioned and Bob Starck seconded to accept the audited financial statements. All were in favour. The motion was carried.

6. Appointment of Auditors

Allan Askew motioned and Gary Senft seconded to name the firm of Manning Jamison as auditors. All were in favour. The motion was carried.

7. Election of 1997/98 Board of Directors

The following were named to the Board of Directors:

CHBA-Chilliwack & District
CHBA-Comox Strathcona

Alex Hoelk
Garry Murdock



Canadian
Home Builders'
Association

BRITISH COLUMBIA

Canadian Home Builders' Association of British
Columbia

CHBA-BC Board of Directors Meeting

Coast Capri Hotel, Kelowna, B.C.
Thursday, October 16, 1997

MINUTES

1. Welcome and Introductions

President Dave Metcalf welcomed everyone and called the meeting to order at 1:05 pm. Introductions were done at the table.

2. Acceptance of Agenda

N. Ziola stated a resolution will be put forward by the Technical Advisory Committee and the Renovations Council. This will be in item #10.

Jim McLean motioned and Mark Turner seconded that the agenda be adopted as circulated.

3. Approval of Minutes of Previous Meeting

Bob Lucas motioned and Doug Wittal seconded that the minutes of the previous meeting be approved.

At this time, K. Sashaw stated this is the last meeting of the 1996/97 Board of Directors. The Annual General Meeting will immediately follow, where the directors will be elected. The 1st 1997/98 Board of Directors meeting will be on Saturday, when the Executive Committee will be elected.

4. President' Report

President Metcalf stated his comments are excerpts from the Metcalf Report included in the Board Package.

President Metcalf extended his appreciation in the concerted efforts in fighting and winning Bill 44. The contentious labour bill will be discussed in the Spring, and our Association must be ready to respond. Discussions regarding the proposed industry accreditation of contractors are positive, and all MLA's will be briefed on this upcoming issue.

The Georgie Awards was an unqualified success. 550 entries were received and a fantastic evening was had by all. President Metcalf also enjoyed the CARE Awards and the Okanagan Awards.

President Metcalf stated that he had enjoyed his year as President.

5. Government Liaison Committee Report

a) Update on Activities

i) Labour Relations Report

K. Sashaw reported on labour issues. The demise of Bill 44 signaled a victory for the business community, however, this allows the provincial government an opportunity to reintroduce in the Spring.

Two labour panels have been struck: the Construction Industry Review Panel and the Labour Relations Review Panel (Section 3 Committee).

Both panels have called for submissions. CHBA-BC has submitted its submission to the Construction Industry Review Panel. CHBA-BC is in support of the position of the Coalition of BC Businesses. There will be a series of public hearings for the Section 3 committee.

There are no public hearings for the Construction Industry Review Panel, which is held as a positive sign. K. Sashaw noted that in 1995, Stephen Kelleher and Stan Lanyon reported that there was nothing wrong with the industry. The panels are expected to submit reports to the Ministry of Labour in December, at which time a strong and vigorous response is required. A public relations campaign will be launched to make the public aware of the concerns of CHBA-BC.

Appreciation was extended to CHBA-BC's generous sponsors who contributed more than \$40,000 to the Campaign. Approximately \$30,000 has been spent, with the intent to spend the remainder in the Spring.

Marilyn Lee requested that the Local Associations be sent CHBA-BC's perspective as well as the positions of the CBCB.

K. Sashaw reiterated that as our members are both residential and commercial builders, any changes made to any one of the construction sectors will affect our membership, and therefore will not be supported.

J. McLean motioned and Dan Funaro seconded that a special committee be established as a labour relations committee. All were in favour. The motion was carried.

President Metcalf commented that we should be kept aware of the issues, as mobilization of our members will be required.

At this time, President Metcalf welcomed John Kenward, Chief Operating Officer of the Canadian Home Builders' Association and National President, Bob McLaughlin to the Board Meeting.

ii) Safety System Review

K. Sashaw reported that the Minister has received "The Next Horizon" report. A committee has been struck in response to the report, and CHBA-BC has made the Ministry aware of the importance of having industry representation on this committee.

iii) Building Safety Advisory Council

K. Sashaw reported that the Building Safety Advisory Council was established to advise the Ministry of Municipal Affairs and Housing of technical issues. Current issues being dealt with are secondary suites and letters of assurance, as well as the adoption of a 1998 National Building Code with a few BC changes.

N. Ziola reported that he will be meeting with APEG to discuss the issue of Schedule C's.

iv) School Site Acquisition Act

K. Sashaw explained that the School Site Acquisition Act (Bill 43) was introduced in 1995 that requires developers to pay of 5% in cash or land in lieu of for the development of schools. This should be a function of the planning process and involves the government's responsibility for education. The Union of BC Municipalities does not endorse this Act, as they see this as a collection agency for school districts.

K. Sashaw noted that at the last meeting, representatives from UDI supported and brought forward a per unit levy of development in Province of BC. CHBA-BC does not endorse this action, as this hinders housing affordability.

President Metcalf noted that a letter has been sent to the Minister regarding this issue and its ramifications. It was noted that UDI may be revisiting their position.

N. Ziola questioned whether the reductions of DCC's have been discussed. K. Sashaw reported that the Development Finance Review Committee has developed a Best Practices Guide that will bring discipline and consistency in how monies are kept and spent within municipalities. It was noted that the current situation provides that the Minister approves bylaws that the municipalities want to implement, and the Best Practices Guide would be welcomed by many councils, as it may speed the approval process.

6. Industry Accreditation of Contractors

K. Sashaw reported that CHBA-BC has put forward the suggested of the Residential Construction Council which is modeled after the Real Estate Council. The Minister and representatives from the Ministry have reviewed the model and we have received a favourable response.

It was noted that renovators have not been included, at this point, although, provisions can be made to bring them in at a later date.

K. Sashaw noted that our Association should be developing a message of continuity to the policy makers. There is strong indication from the provincial government that something would have been done, and we have been offered an opportunity to be involved in discussions.

Bob Lucas questioned whether geographic diversities had been reviewed regarding certification. Problems in the North may differ from problems in the Lower Mainland. It was noted that the transportability of the certification will need to be addressed.

Allan Askew questioned the government's receptiveness in not allowing homeowners to building their own home. It was answered that the policy statement of industry accreditation of contractors states that

every home built in the Province of BC must be built by a certified builder and must have third party warranty. It remains to be seen as to the Government's support of this concept.

As Dom Piluso pointed out, this is not a policy to "build your own home." One has to hire a builder, an architect, etc.

J. Kenward stressed that the issues of equality are addressed in that all builders are treated the same way.

President Metcalf stated that if the builder is not a member of a credible association, then other stringent standards must be met.

7. Education and Training

a) Update on Activities

Doris Penner reported on the activities of the Education and Training Management Committee. D. Penner stated that the recent meeting had been a relevant one, and many recommendations were brought forward:

- provide a thorough explanation of program delivery
- locals should look to Provincial for course delivery
- courses should be cheaper
- train more trainers to decrease cost
- update Stucco course and deliver it
- new Soils and Foundations course to be ready in 30 days
- update the course syllabus

A motion was made that a sample exam be included in the course materials and also provide an optional, no-charge exam preparation course for the Building Code Course.

D. Penner noted that if the marketing isn't done, class participation is low and a CRB is virtually unknown. D. Penner noted that the Committee intends to promote its programs to non-members, and people involved in the residential construction community who normally do not take advantage of our courses.

J. Kenward commented that the complaint of the lack of trainers has been noted across the country. J. Kenward also noted that recent focus groups have identified that there is too much marketing, and as a result, overselling of the public aspect of the certification.

Allan Askew suggested that each local association, as part of its mandate, provide a short presentation on the importance of education and training. A. Askew further suggested that a comprehensive study be undertaken regarding education and training.

b) Housing Tech '98

Housing Tech '98 will be held on February 14, 1998 at the Sheraton Inn Guildford. It was requested that in order to accommodate those on the Island, that the times be moved up.

8. Membership and Administrative Services

a) Georgie Awards

Neil Ziola reported that the 1997 Georgies was a success, with a sold-out show and 38 Gold Georgies awarded. N. Ziola thanked the Georgie Management Committee and the staff of CHBA-BC for their hard work. N. Ziola noted that the judges were very impressed with the quality of homes built in BC.

N. Ziola reported the number of entries exceeded previous years' and sponsorship also exceeded the target amount.

N. Ziola also stated that the Chairperson of the Georgie Awards must commit to a two-year term, one as Chair and one as Past Chair, to maintain continuity.

Dan Funaro presented suggestions on how to make the Georgies even more successful:

Firstly, although there are many mixed-use buildings in Vancouver, there isn't a category in the Georgies to reflect this. Secondly, categories should reflect price rather than square footage. Thirdly, it's not fair that non-members are allowed to enter and reap the benefits of a Georgie Award. At the very least, there should be a price differential for members and non-members.

N. Ziola agreed that non-member winners should be encouraged to become a member. D. Piluso added that special incentives must be offered to members.

N. Ziola noted that a Georgie De-Briefing Meeting will be held on October 22nd, and suggestions and recommendations are welcome.

D. Wittal questioned how many entries were from members and how many from non-members.

K. Sashaw noted that CHBA-BC speaks on behalf of the residential construction industry. The Georgies are industry awards, not association awards. In regards to the price vs. square footage, this change was brought in to be consistent with the National SAM Awards.

b) Membership Benefits

K. Sashaw reported that Cantel now offers CHBA-BC members 15% off on air-time charges.

Information on the ICBA Benefits Plan has been sent to all members and locals, and approximately 50 companies are participating.

c) Convention

This issue was discussed at length at the President's Meeting on the previous evening.

D. Metcalf questioned whether a provincial convention is a relevant function for the Association. Recent conventions show a decline in attendance, as well as providing a negative financial picture.

It was suggested that the Board Meetings be held on a higher profile. Perhaps a speaker could be invited on the Friday, meeting on the Saturday and a golf tournament on Sunday.

Bob Starck mentioned that each local association has the opportunity to host the Board Meeting.

J. Thomson added that the convention is only attracting 100 of 1200 members, and sponsorship is getting more and more difficult.

Judy Goodman proposed that CHBA-Kamloops host the 1998 July Summer Board Meeting.

9. Technical Services

Mark Turner reported on the activities of the Technical Advisory Committee.

It was discussed at the meeting, the adoption of the 1995 National Building Code with BC Changes and a New National Code for 2001. Discussions for the 2001 Code are centering around either a performance-based code or an objective-based code. The new Builders' Lien Act will also be in effect in two months.

M. Turner explained that the Technical Research Committee is advised by builder representatives at the CHBA-National Technical Research Management Committee level. Neil Ziola is currently the CHBA-BC representative.

10. Renovations Council

Neil Ziola moved and Mark Turner seconded

THAT, Due to concerns of internal and external liabilities that might accrue with builder and renovator certification, on behalf of CHBA-BC Renovation Committee and the TRC Council, I (Neil Ziola) so move that a subcommittee be struck to examine all aspects of CRB disciplinary and liability insurance and options available and report to the Executive Board by November 30, 1997.

The examinations and recommendations should include but not necessarily limited to the following:

- c) Potential liability now and in the future of Board Members and individuals.*
- b) errors and omissions insurance package along with cost implications*
- c) liability insurance package along with cost implications*
- d) CRB disciplinary measures and recommendations.*

The Sub-Committee Volunteers:

- | | |
|-----------------------|-----------------------|
| <i>■ David Verge</i> | <i>■ Ken Sawatsky</i> |
| <i>■ Doris Penner</i> | <i>■ Dave Metcalf</i> |
| <i>■ Bill Strain</i> | <i>■ Neil Ziola</i> |

11. Executive Officers' Council

Linda Hiemstra is the new Chair of the Executive Officer's Council. L. Hiemstra reported that the EO Development Seminar Day held the previous day was extremely informative.

12. Treasurers' Report

a) Presentation of current financial statements

Kelvin Lum reported on the financial statements, as presented in the Board Package.

An aggressive budget was reviewed and approved at the April Board Meeting.

Peter Schultze motioned and Dan Funaro seconded to accept the financial statements as presented. All were in favour. The motion was carried.

b) Presentation of 1996/97 Audited Financial Statements

Kelvin Lum reported on the Audited Financial Statements, audited by Manning Jamison.

The Association was not required to draw on line of credit, due to careful monitoring of expenses and cash flow.

Inventory consists of approximately 700 Illustrated Building Code books. The financial results for the Georgies will be included in the 1998 statements.

K. Lum commented that the Association has met financial challenges in a fiscally responsible manner.

It was noted that the R-2000 remedial fund will be rolled over into the general account in 2001.

13. CHBA National Report

National President Bob McLaughlin congratulated and thanked members who actively participate at the National level.

President McLaughlin commended President Metcalf and CHBA-BC in successfully winning the first battle of unfair labour legislation.

President McLaughlin noted that the Association will be involved with Pre-Budget Consultations with the Federal Minister of Finance. Housing is an important issue with the federal government. The National Conference in Hamilton is shaping up to be another excellent event. It was also noted that CHBA is working in conjunction with CMHC regarding economic and marketing activity.

President McLaughlin extended his thanks on behalf of his wife and children for BC's warm hospitality.

14. New Home Warranty Report

David Verge verbally reported on the activities of New Home Warranty. It was noted that this agenda item will only be verbally reported on in future board meetings.

15. Local Association Reports

Len Storey reported that the membership of Prince George HBA has increased. Discussions regarding the Phased Approvals Process are positive, but the key is that the city has to want to do it. It was commented that Prince George was spoken well at Saanich.

Doug Wittal reported on the activities of CHBA-Kamloops, as presented in the Board Package. Membership stands at 110, with good retention. The Association is working in cooperation with the University of the College of the Cariboo on a Fundraiser house. CHBA-Kamloops was proud to announce that some of their members were Okanagan Housing Award winners as well as Silver and Gold Georgie winners.

John Bowling reported that CHBA-South Okanagan raised \$5500 with the mini dream homes. Membership stands at 50, with new members including the City of Penticton and Summerland. The Association will be celebrating its' 5th Anniversary.

Linda Hiemstra reported on the activities of CHBA-Kelowna, as presented in the Board Package. L. Hiemstra commented that there had been a good response resulting from the Barry Clarke interview from that morning.

Harold Skadberg reported that CHBA-Nanaimo is working with Malaspina College on a variety of activities. H. Skadberg noted that Executive Officer Linda Theriault has resigned for personal reasons. Both the Auction and the Little Street of Dreams were successful events.

Nick Woywitka reported that CHBA-Cowichan Valley's membership stands at 42. On November 20, the Association will be hosting a Suppliers Night, and will participate in an upcoming Crystal Ball Evening featuring Ozzie Jurock.

Peter Schultze reported that renewal memberships have been sent from CHBA-Victoria. The Home Show has been scheduled for February 6-8, 1998 and revenues are expected to be an increased from last year.

Dan Funaro reported on the activities of Greater Vancouver HBA. The Fall Home Show is currently taking place, and preparations for the Spring Home Show are underway. Christmas activities are also being planned with the intent to raise money for charity.

Gavin Parsons reported that the membership of CHBA-North Okanagan stands at 41 members. A new office has been set up in a mall location. A big fundraiser is the playhouse. G. Parsons noted that Bob McLaughlin's visit was well received.

Bob Lucas reported on the activities of CHBA-Yukon. Membership stands at 15, with Yukon Housing Corporation back as a member. B. Lucas noted that there is ministerial support for mandatory warranty. It was noted that there has not been any formal correspondence between CHBA-BC and the Yukon territorial government regarding mandatory warranty. David Verge expressed his interest in participating in any meetings.

Sid Kingma reported that CHBA-Chilliwack currently has 57 members. S. Kingma noted that the market is relatively slow, possibly due to the base closure..

Gary Senft reported that the membership of Fraser Valley HBA has stabilized. A new membership director has been hired to do a membership blitz. The Association is keen on education and training courses, and funding is being sought for the CRB program. There is interest in the establishment of a Renovations Council. The Peardonville House project is on track.

16. Other Reports

President Metcalf presented the Maple Leaf Award to Kelvin Lum. K. Lum thanked everyone for the Award, and stated that he will take with him unique leadership styles from all of the Presidents that he has worked with.

17. Adjournment to Annual Meeting

B. Lucas motioned to adjourn. All were in favour. President Metcalf adjourned the Board of Directors meeting at 4:35 pm.

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CHBA-BC OCTOBER BOARD MEETING - ATTENDANCE

EXECUTIVE COMMITTEE

Dave Metcalf
Jim Thomson
Doris Penner
Neil Ziola
Kelvin Lum
Sid Kingma
Mark Turner

CHBA - CHILLIWACK & DISTRICT

Lenka Walker

CHBA-COWICHAN VALLEY

Bob Howell
Nick Woywitka

FRASER VALLEY HBA

Gary Senft

GREATER VANCOUVER HBA

Dan Funaro
Jim McLean
Doug Penzer
Richard Stewart
Neil Ziola

CHBA-KAMLOOPS

Allan Askew
Judy Goodman
Doug Wittal
Sonny Zart

CHBA-KELOWNA

Linda Hiemstra

CHBA-NANAIMO & AREA

Harold Skaberg

CHBA-NORTH OKANAGAN

Gavin Parsons

PRINCE GEORGE HBA

Allen Creuzot
Len Storey

CHBA-SOUTH OKANAGAN

John Bowling
Rhonda Williams

CHBA-VICTORIA

Marilyn Lee
Dom Piluso
Peter Schultze
Bob Starck

CHBA-YUKON

Bob Lucas

CHBA-NATIONAL

John Kenward
Bob McLaughlin

CHBA-BC

Keith Sashaw
Harbinder Kainth
Lisa Washbrook

NEW HOME WARRANTY

David Verge



**1997/98 CHBA-BC
Board of Directors Meeting**

**Coast Capri Hotel, Kelowna, B.C.
Saturday, October 18, 1997**

M · I · N · U · T · E · S

Mr. Dave Metcalf convened the meeting, and turned the meeting over to Mr. Neil Ziola, Immediate Past President and Chair of the Nominations Committee, to conduct the elections of the Executive Committee of the Association.

Mr. Ziola noted that according to the Constitution and By-Laws of the Association, the current President automatically becomes Past President and the First Vice-President automatically becomes President. That being the case and both individuals involved being prepared to accept the positions, Mr. Ziola declared Mr. Jim Thomson as President of the Canadian Home Builders' Association of BC, and Mr. Dave Metcalf as Immediate Past President.

Mr. Ziola requested nominations for First Vice-President, and Mr. Richard Stewart nominated Ms. Doris Penner. The nomination was seconded by Mr. Mark Turner, and there being no other nominations, Mr. Ziola declared Ms. Doris Penner as First Vice-President.

Mr. Ziola requested nominations for Second Vice-President. Mr. Don Rankin nominated Mr. Doug Penzer. The nomination was seconded by Mr. Gary Senft, and there being no other nominations, Mr. Ziola declared Mr. Doug Penzer as Second Vice-President.

Mr. Ziola requested nominations for the position of Secretary/Treasurer. Mr. Sid Kingma nominated Mr. Jeff Loucks. The nomination was seconded by Mr. Kim Forrest, and there being no other nominations, Mr. Ziola declared Mr. Jeff Loucks as Secretary/Treasurer.

The motion to approve the Banking Resolution as circulated, naming the Table Officers of Mr. Jim Thomson, Ms. Doris Penner, Mr. Doug Penzer, Mr. Jeff Loucks, Mr. Dave Metcalf, together with Keith Sashaw, Executive Vice-President as signing officers, and requiring two signatures on every cheque was moved by Mr. Nick Woywitka and seconded by Mr. Gary Senft. All were in favour. The motion was carried.

Mr. Jim Thomson thanked Mr. Dave Metcalf and stated that he is looking forward to working with a new Executive Committee.



Canadian
Home Builders'
Association

BRITISH COLUMBIA

Executive Committee Meeting

December 12, 1997

MINUTES

In Attendance:	Jim Thomson Doris Penner Doug Penzer Jeff Loucks Gary Senft Keith Sashaw	Teleconference:	Dave Metcalf
		Regrets:	Peter Schultze Neil Ziola
		Recorder:	Harbinder Kainth

1. Welcome and Call to Order
2. Acceptance of Agenda
3. Approval of Previous Minutes

President Jim Thomson welcomed everyone and called the meeting to order at 10:00 am. The agenda was adopted as presented, with a few additions. It was agreed to table the approval of the previous minutes to the next meeting to allow the Committee to review the minutes.

4. Government Liaison Committee

a) Housing 2020 Update

Keith Sashaw reported that Housing 2020 is receiving a positive response. We are receiving lots of press coverage due to the strategy undertaken by Labrador Communications. The Minister has been presented with a copy, and copies have also been sent to the Official Opposition. Copies of the report will also be sent to all MLA's. Keith reported that he has also given many radio interviews.

Jim Thomson pointed out that this document is being taken very seriously given the fact that the Provincial Agricultural Land Reserve has requested a meeting to discuss views and issues.

All Local Associations have been sent copies to use in their discussions with municipalities. It was reiterated that this document is an excellent resource document.

Copies of the document are also being sold to non-government agencies.

b) Construction Industry Review Panel

Keith Sashaw reported that CHBA-BC enjoyed a briefing session with ICBA and UDI prior to the meeting with the panel.

It was reported that the meeting went well, and that the panel members asked questions that were relevant to recent discussions. One of the questions raised was where the line was drawn on residential construction. Discussion ensued on this issue, claiming that the residential construction industry cannot be segregated; there is a combination of single family as well as commercial.

It was noted that the panel members (Stan Lanyon and Stephen Kelleher) were very interested in the concept of the Ontario Model. Keith Sashaw will enquire as to what the results of the Ontario Model are.

A commitment was obtained from the panel that their recommendations will be shown to us prior to the presentation of the final report.

It was commented that the CBCB is aware of the strategy of the provincial government to make it more difficult to coalesce by the business community.

There was discussion on what constituted a residential building. Many buildings in Vancouver are mixed-use components of commercial and residential.

Doris Penner commented that the Association must make it clear to our members and the public that companies will not automatically become unionized as a result of the labour legislation.

Keith Sashaw agreed, however, pointed out that if we don't come together as a threatening front, the seriousness of the labour legislation will not be recognized.

Phil Hochstein is an excellent resource who can present scenarios to groups of smaller builders. It is important that builders are aware of what may happen. This would serve our members well.

It was also mentioned that workers sign up to be involved in the union for different reasons, e.g., family obligations. Workers may be carrying union cards, but be working for non-union employers.

c) SSR Advisory Group

Keith Sashaw reported that included in the meeting package is a letter of confirmation to the Safety System Review Implementation Advisory Group. The majority of representation is from industry. Co-Chairs are Maureen Enser of UDI and Ken Olive of Municipal Insurance Association.

d) Meeting with Minister

It was agreed that the meeting with Minister Farnworth had gone well. The Minister had agreed with CHBA-BC on the issue of owner-built homes. It was also pointed out that there is no correlation between union/non-unions and leaky condos.

It was mentioned that the Ministry has canceled a 1-day seminar on leaky condos.

e) CMHC Correspondence

Keith Sashaw reported that CMHC is undergoing significant restructuring, and there have been some concerns from Locals who are unsure of the changes. Keith wrote Jim Lynch on the continuing cooperation between CHBA-BC and CMHC, and the response was attached to the agenda package.

Jeff Loucks reported on the activities of CMHC. Jeff's role is one of liaison with all areas of BC. CMHC has expanded locally with two representatives each on Vancouver Island, Prince George and in the Okanagan/Kootenays. The regional centre is located in Vancouver. A market analyst will be located in the communities of Prince George, Kelowna, and Victoria.

Inspection and insurance services may be centralized. Bob Dennis is the Manager of Technical Services and will be located in Kelowna. Technical staff will be available to conduct seminars. Jeff Loucks will present a briefing of CMHC at the January Board of Directors Meeting.

5. Education and Training

a) Task Force on Liability Exposure

Doris Penner chaired the Task Force on Liability Exposure. It was found that the Association is covered with \$5 million in general insurance and Directors and Officers coverage, and personal coverage, with the exception of libel and slander. It was commented that the cost of defense is high.

Not all of the local associations responded, but all those who did were covered under the Society Act and had general insurance. Keith Sashaw will look into obtaining a rider for libel and slander.

Jim Thomson thanked Doris Penner for chairing this committee.

b) Update on Activities

Lisa Washbrook reported that the Sales and Marketing course would be held today.

The Spring semester schedule is in the process of being marketed and distributed.

The Building Technologies course has been updated. It was suggested that CMHC address healthy housing before the course is rewritten. Doris Penner suggested that, as a short-term solution, a representative from CMHC be asked to talk about healthy housing during the course.

It was noted that there is lack of trainers. Although Warren Jones can give a full presentation, he is not familiar with CHBA-BC. It is also difficult for him to share his materials.

Potential instructors suggested were: Doug Harrison, Glen Fawdry, Richard Kadulski or David Hill. It was also suggested to change the structure of the course to a 1-day workshop.

Lisa Washbrook reported that the RHP syllabus is being updated. It was also noted that NRCan will be registering R-2000 builders.

Speakers for the Housing Tech Forum have been confirmed. The flyer will be mailed out to members and NHW members on December 29, 1997. PoCo Building Supplies will be including Housing Tech information in their invoices and on their lumber.

b) Soils and Foundations Course

There have been many concerns over the content and format of this course. Currently the course has not been finalized to the point where the course can be delivered.

c) RHP/CRB Disciplinary Process

Doris Penner reported that correspondence had been received from NHW. It is important that CHBA-BC ensure the credibility of RHP and CRB. It was noted that most of the comments received are already in our constitution and by-laws. It was suggested that if anyone had any objections to bring them to the next meeting.

Lisa Washbrook will distribute the RHP policy and procedures manual to Executive.

6. Technical Advisory Committee

a) R-2000 Correspondence

Doug Penzer reported that a letter from Don Johnston raised more questions about the R-200 program and will contact Don to discuss.

b) BC Building Code

Keith Sashaw reported that it is likely that the adoption of the 1995 National Building Code with BC changes will be implemented by April 1998. Significant BC changes include ventilation requirements, schedule C's, rain screen, water penetration, secondary suites, and letters of assurance. An agreeable process is in progress, however, there are good cost justifications for these arguments.

7. Membership

Colleen Watts distributed the membership dues report.

Keith Sashaw reported that Local Associations were asked for their membership projections. It was noted that it is important to emphasize membership in the midst our government discussions. Keith Sashaw reported that a professional membership recruiter could increase Association membership by 10-15%.

8. Georgies

Colleen Watts distributed an action timetable developed for the Georgie Management Committee.

It was reported that a successful "Criteria Workshop" was held November 20, which resulted in a total of 48 categories. Although there were concerns of an increased show production, Peter Mayer assured that the new categories will add a minimal amount of time.

A Sponsorship Committee meeting will be held on December 17, 1997. Sponsorship will be launched as a marketing tool. Global TV has submitted a proposal to produce a 1-hour special at a cost of \$15,000 (\$30,000 value).

The Georgie Launch is scheduled for April 2, 1998 at Global Studios.

Jim Thomson will follow up with Doug Wilson regarding the chairmanship.

CHBA-BC must recognize Georgie Sponsors. It was recommended to promote sponsors at the National Convention Hospitality Suite. This would also serve as an opportunity to obtain National Sponsors for the Georgies.

9. Correspondence

a) EO Council

Linda Hlemstra, chair of the Executive Officers' Council, wrote to CHBA-BC regarding budget constraints that CHBA-Kelowna is facing, and is thus unable to send their EO to Board Meetings.

It was noted that the networking and knowledge gathered from the committee and Board Meeting is invaluable.

It was recommended that CHBA-BC share half the cost, up to a maximum of \$500. The EO Chair is a Provincial representative, and although it is important for committee chairs to attend, the concern is that CHBA-BC would be setting a precedent for future chairs' costs to be covered.

Jim Thomson will write to Scott Tyerman, President of CHBA-Kelowna, explaining the mutual benefit.

Don Rutherford of CHBA-Comox/Strathcona and Bob Howell of CHBA-Cowichan Valley are also unable to attend because of financial constraints. The frustration on the part of the EO's is that they are not seen as part of the leadership team.

Keith Sashaw suggested tabling the discussion until budget discussions arise. The Locals need to understand the value of sending their EO, and they should also be prioritizing their own budgets.

b) COCA - Funding

Keith Sashaw reported that CHBA-BC already contributes \$6000 to the Council of Construction Associations, and is budgeted for. An increase is not in the budget, but will be revisited for next year's budget.

c) BC Home Sellers Network Inc.

It was recommended to link BC Home Sellers Network Inc. website to the CHBA-BC website.

10. Financial Statements

Keith Sashaw introduced Julie Burton, who is temporarily replacing Trusha in Accounting. The financial statements ended October 31, 1997 were presented. It was noted that these do not reflect significant expenses in November. The Georgies show a surplus of \$22,000, from a budgeted \$13,000. The Conference shows a surplus between \$3000-\$5000, a decrease from an anticipated \$12,000 surplus.

A year-end figure shows a \$14,000 surplus overall.

It was noted that of our two biggest revenue sources, all expenses have been paid.

Membership dues are on track, as are RCI contributions.

Jim Thomson expressed concern that the ongoing cash infusion from RCI may soon be depleted. It was recommended that a committee be struck to brainstorm fundraising ideas. In light of impending legislation and other additional obligations, there may be a need for more staff in the near future.

Jim Thomson volunteered himself as the Chair of the Funding Task Force.

Jeff Loucks stated that targets will be revised for revenue projections.

11. Other Business

a) School Sites Acquisition

Correspondence has been received from the Minister of Municipal Affairs and Housing regarding School Sites Acquisitions and in response to Dave Metcalf's letter of opposition to the issue.

b) Consumer Protection Guide

The Consumer Protection Guide, published by the Ministry of Municipal Affairs and Housing, is now available to the general public.

c) National Home Warranty

The issue of National Home Warranty as a warranty provider and a requirement for membership in Prince George HBA was raised.

It was noted that CMHC is recognizing National Home Warranty and that the National Home Warranty is a member of CHBA-BC.

It was recommended that Prince George HBA decide whether National Home Warranty be recognized. Provincial Council shouldn't guide how Locals recruit their members.

However, the issue of National Home Warranty as a major warranty provider, and how they will be involved in the impending legislation must be discussed. For the purposes of CRB, who the warranty provider is important.

14. Adjournment

There being no other business, President Jim Thomson adjourned the meeting at 12:30 pm. A Christmas Lunch at The Hart House is to follow.



Canadian
Home Builders'
Association

BRITISH COLUMBIA

Executive Committee Meeting

Wednesday, January 21, 1998

9:00 am - 12:00 pm

CHBA-BC Offices

m i n u t e s

In Attendance:	Jim Thomson	Jeff Loucks
	Doug Penzer	Gary Senft
	Neil Ziola	Keith Sashaw

1. Welcome and Call to Order

President Jim Thomson called the meeting to order at 9:05 am. Jim welcomed Phil Hochstein of ICBA to give an overview of labour issues

2. Acceptance of Agenda

The agenda was adopted as presented.

3. Approval of Minutes of December 12, 1997

a) Approval of Minutes of November 17, 1997

Jim Thomson motioned and Doug Penzer seconded to approve the minutes of December 12, 1997 and the minutes of November 17, 1997. All were in favour. The motion was carried.

4. Financial Statements / Treasurer's Report

There are no financial statements for this meeting, however, the financial situation hasn't changed from the Board Meeting. The two major expense items are over (Georgies and Conference). The Georgies show a surplus of about \$28,000. Membership dues are close to budget.

It was noted that during the Bill 44 campaign, monies were raised solely for CHBA-BC and not given to Coalition, although they fought on behalf of our resources. It was suggested that CHBA-BC strike a deal with Labrador to undertake a campaign on behalf of the Coalition and CHBA-BC. Gary Senft pointed out that it is important to maintain our grassroots level.

5. Government Liaison Committee

a) Labour Code Committee

b) Construction Industry Review Panel

Phil Hochstein reported that the Labour panels have been granted extended deadlines to February 21st, however, some preliminary information has been brought to our attention, which is expected to be part of the final report.

Expected are the following:

- There will be a separate section in the Labour Code for construction industry. This can be construed as good news or bad news.
- One person units can be certified and decertified.
- Alternate unions are recognized.
- All construction agreements can be no longer than 3 years long
- During the raiding period, union representation can change
- There will be wall to wall unions, as well as craft unions
- Sectoral agreements will divide into industrial, commercial, ICI
- The definition of commercial is yet to be defined - 20% of commercial for example
- A standard building trade would automatically impose certification for entire workforce
- If certified in ICI sector, basically certified in residential - the same people are carrying union cards.

There are many other detailed issues that are upcoming in the labour code changes. Phil Hochstein further clarified some points. It is still unclear how specifically residential will be directly affected.

Overall, the draft report, as we know it from the Labour Code Committee, isn't as bad as Bill 44, but it is harder to build the passion against it. The business community realizes that this will be harder to argue.

Bill 44 was a concise type of explanation, but this time, the issues are clouded and convoluted and harder to explain. It is apparent that this will be a harder fight on behalf of the business community. One point that the Coalition will use is the downturn of the economy, which will not be helped by labour code changes. This is the worst possible time for labour legislation.

It was noted that the first and foremost job that CHBA-BC must do is to educate the members on what is forthcoming, and raise funds. CHBA-BC has the credibility, but we need the money.

CHBA-BC also must make it clear that although the labour code consultants did indeed consult with us, but apparently didn't listen. Obviously, Kelleher and Lanyon didn't recognize the concept and the depth and breadth of residential construction, and the majority of it, non-union.

It was suggested that an emergency teleconference or half-day briefing session be held, around the time of the release of the final report. The Coalition of BC Businesses is holding an event on February 23rd, and we may possibly hold an event in conjunction with that.

6. Education and Training Committee

a) *Update on Activities*

Lisa Washbrook reported on the activities of the Education and Training Management Committee. CHBA-Victoria is currently hosting the CRB program. A memo has been sent to all members regarding the Board Motion for all CRB/RHP to catch up by 1999 on their professional development requirement.

Courses are continuing, but attendance is lacking. Keith will follow up with information regarding courses from the University of Denver, supplied by Bill Pameta.

b) *Housing Tech '98*

Lisa Washbrook reported that there are 30 registrants for the Forum, and 10 registrants for the Carol Smith session. It was questioned whether another fax-out should be sent. It was also noted that tickets to the Home Show were offered by GVHBA, at a cost.

7. **Technical Advisory Committee**

a) *Update on R-2000*

Doug Penzer spoke with Don Johnston of CHBA National regarding policy changes and funding requirements of NRCan. There was also discussion of solicitation from other companies.

Doug reported that the Technical Advisory Committee will meet monthly in order to keep on top of the issues.

b) *BC Building Code*

The current methodology of Schedule C's is being reviewed.

c) *Fire Chief's Association*

Keith Seshaw noted that CHBA-BC had sent a letter to the Fire Chiefs on Monday, and that their letter was received yesterday. It seems as though both CHBA-BC and the Fire Chief's Association correctly interpreted the discussions.

d) *Ask a Pro*

A question had been posed to CHBA-BC via the Ask-A-Pro column in The Province. It was suggested to respond by telling the writer to go back to his builder, and that any action he takes will risk his warranty.

8. **Georgies**

a) *Update on Activities*

Colleen Watts reported on the Georgie Awards.

Robertson Pick is working on the layout and design for the call for entries brochure. The sponsorship brochure has been presented to the Committee for their approval. The Production Committee is working with the Hyatt Regency Hotel to secure more gallery space.

The Georgie Launch will be held on April 2 at Global Studios. The evening will mostly be sponsor recognition. Debbie Adams has been asked to submit a proposal to produce the Launch. The expense of the Launch is being questioned.

The Call for Entries Committee plans to hold a workshop in February/March for entrants. A 1-hour Georgie Prime-time special, produced by Global, has been approved to air in the Fall. It is being discussed whether this special will be allowed to air on other stations.

Brian and Colleen will be starting to draft the budget, and be ready for final approval at the end of February. It was noted that the slowdown in the economy may result in a decrease in sponsorships.

It was noted that the intent is to see the Georgies move in the direction of the Association, while giving both CHBA-BC and the Georgies a strong level of exposure. Brian Tweed is committed to increasing the linkage between the awards and the association.

The chairmanship for next year was discussed. It was agreed that it should be a builder. Doug Wilson has been asked, but is unable to undertake, as he has business commitments.

Keith Sashaw credited Colleen Watts for her outstanding work resulting in a surplus of \$28,000.

9. Membership

A membership report was distributed. Colleen reported that a new Benefits brochure is being done, including information on industry accreditation.

The budget is predicated on 1120 members. The problem of renewal at different times affects our cash flow. Jeff Loucks suggesting asking the locals what their revenues flows are, which would assist us in determining what our flows may look like.

10. Correspondence

a) CHBA - Comox/Strathcona

Don Rutherford has informed CHBA-BC of their financial obligations, and the situation that the local is in. A downturn in the economy has seriously affected the Comox area. Previous revenue generators have been lost.

It was noted that CHBA-Comox/Strathcona does not hold dinner meetings, which does not provide an opportunity for networking. It was recommended that CHBA-Comox/Strathcona be suggested to hold a dinner meeting.

b) Coalition of BC Businesses

It was reported that dues for the Coalition of BC Businesses are in. \$6000 has been budgeted, but the Coalition is asking for an increase in support to \$8000. It was recommended to pay the \$6000 because we expect to spend a lot of money during the labour legislation.

c) Leaky Condo Video

Keith Sashaw reported that Stu McNish contacted him regarding an opportunity for CHBA-BC to endorse a consumer video on leaky condos.

It was questioned whether CHBA-BC had an opportunity to preview the video. There was also concern that the script doesn't cover education and training and warranty. Some of the technical comments may also need review. It was also noted that some of the content is incorrect.

It was pointed out that if CHBA-BC is to financially contribute to the video, that we must ensure that we project our image properly. We don't want to endorse what is inaccurate. Jeff Loucks pointed out that CMHC has also been contacted regarding this video.

It was recommended that Keith contact Stu, and address concerns. It was mentioned that it is good to be part of the solution with the Ministry.

11. Other Items

a) April Board Meeting - Victoria

The April Board Meeting has been scheduled for April 24 - 25, 1998 at the Coast Harbourside Hotel in Victoria. It was suggested to contact CFAX radio in Victoria for media coverage.

b) Career Fair

Jeff Loucks mentioned that CMHC is sponsoring a Youth Career Fair on the 29th at Vancouver Trade and Convention Centre, and questioned whether CHBA-BC had materials to add to the booth.

12. Adjournment

There being no other business, the meeting was adjourned at 11:45 pm.



MEMORANDUM

Date: February 17, 1998

To: Executive Committee
Jim Thomson
Doris Penner
Doug Penzer
Dave Metcalf

Jeff Loucks
Peter Schultze
Neil Ziola
Gary Senft

From: Keith Sashaw

Subject: Executive Committee Minutes

Attached please find minutes of the February 12, 1998 and the January 21, 1998 Executive Committee Meetings.

The next Executive Committee Meeting will be held on April 2, 1998 from 10:00 am to 2:00 pm. The Georgie Launch is scheduled to take place that evening at Global Studios.

Please feel free to contact me if you have any questions.

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MEMBERSHIP
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DIFFERENCE



Executive Committee Meeting

Thursday, February 12 1998

10:00 am - 2:00 pm

CHBA-BC Offices

m i n u t e s

In Attendance:	Jim Thomson	Keith Sashaw
	Peter Schultze	Neil Ziola

1. Welcome and Call to Order

President Jim Thomson called the meeting to order at 10:05 am.

2. Acceptance of Agenda

Neil Ziola motioned and Peter Schultze seconded to adopt the agenda.

3. Approval of Minutes of January 21, 1998

The minutes had not been finalized at the time of meeting. They will be approved at the next meeting.

4. Financial Statements / Treasurer's Report

Keith Sashaw reported that CHBA-BC is in a good financial position. Due to Housing Tech, revenues have generated in a \$48,000 operating surplus. This figure should be decreasing due to upcoming expenses. Receivables are at \$105,000, and liabilities lie at \$30,000. It was noted that there is \$5000 in the Communications Strategy fund. It was reported that the Georgies resulted in a surplus.

Overbudgeted items include travel. This is due to frequency of travel in regards to specific issues (labour legislation, accreditation, mandatory warranty).

It was reported that Trusha Pandit is expected back in July, and that Caroline Moroz has resigned.

5. Government Liaison Committee

- a) Labour Code Committee
- b) Construction Industry Review Panel

Keith Sashaw reported that both reports will be presented to the Minister of Labour on February 20th. The contents are generally known. A meeting for the CHBA-BC Labour Code Committee has been scheduled for February 16th, but may need to be postponed. Keith noted that the Coalition is getting

ready. The key message that we will be sending out is that now is not time for labour code changes because of the worsening business climate in BC.

It was suggested to inform Herman Rebneris, chair of the Housing Policy Advisory Committee, on ongoing and upcoming issues. Many issues have been identified, but not discussed.

c) *Industry Accreditation*

Keith Sashaw reported that he had attended a fairly positive meeting, where there was consensus among the Ministry and the organizations involved on the concept model of the Residential Construction Council. The intention is to bring in both mandatory warranty and industry accreditation as a package. Keith reported that CHBA-BC will have an opportunity to review the legislation prior to it going to the House.

There is some concern that the Premier is considering a Cabinet shuffle, possibly involving the Minister of Municipal Affairs and Housing. CHBA-BC has a good working relationship with this particular Minister, and is opposed to a change.

Jim Thomson suggested writing a letter to the Premier expressing our concern.

6. *Education and Training Committee*

a) *Update on Activities*

Lisa Washbrook reported that CHBA-Victoria and CHBA-Nanaimo are holding a Building Code course.

Construction Law was delivered to 19 people. All other courses will be delivered, since they have a sufficient number of participants.

Jim raised the idea of a light construction council, feeling it would be of interest to some members. It was suggested we contact NAHB to get support for this initiative, even if it is just to get our members onto their mailing list

b) *Proposal - Lee Evans Group*

Keith Sashaw reported that Bill Pameta had sent a proposal regarding The Lee Evans Group. This is a comprehensive program, which could possibly be an advanced program for CRB. It was suggested that more information be obtained from Bill Pameta to conduct a comparative analysis. This proposal has been sent to the Education and Training Management Committee for their review. This proposal may provide an opportunity for non-dues source of revenue.

c) *Housing Tech '98*

Lisa reported that there are 115 registrants for Housing Tech '98. The budgeted number was 120. A breakdown shows that we are getting participation from all over the province. The most popular sessions seem to be the Stucco course and the Building Code course. 23 people have registered with Sunday's Carol Smith session.

d) *GVHBA Sales and Marketing Council*

It was reported that GVHBA has developed a Sales and Marketing Council targeted for salespeople. This may impact our marketing program, however, ours is targeted at builders. Lisa Washbrook will sit on the Council.

7. **Technical Advisory Committee**

a) *Update on Activities*

Neil Ziola commented that a listing of 47 specific items that the Technical Research Council is working on should be distributed to all members of the Board. Neil will follow up with Don Johnston and CMHC regarding solutions to water penetration problems.

8. **Georgies**

a) *Update on Activities*

Colleen Watts reported that the Georgie Launch will be held on April 2nd at Global Television Studios. Invitations to the Launch will be sent in early March. A sponsorship committee workshop has been scheduled with Brian Tweed and Doug Wilson as facilitators. The sponsorship package is ready for printing. The Call for Entries package will be ready by early March. Mailing lists are being collected, and it is expected that over 5,000 packages will be sent out on April 2nd. A Call for Entries workshop to encourage more entries will be held in March, with phoning to take place mid-April. Hazeldine Press will host at their facilities a call for entry workshop to assist companies in the preparation of their entries. A tour of Hazeldine Press will also take place.

Larry Rose has been advised of the media plan. Pacific Press has increased print opportunities to include 40 weeks of publicity in their Map Space. Robertson Pick will assist with the design and work closely with Larry Rose. It is expected that of the Platinum Sponsors will be profiled, and that CHBA-BC have a high profile throughout.

Doug Wilson is interested in chairing the Georgies next year, but has made it clear, that he will be travelling extensively to South America for business.

Keith Sashaw reported that he had spoken with representatives of Jacuzzi, Beaver Lumber, Weiser Lock, and Honeywell, and they all are very interesting in becoming involved with the Georgies.

9. **Membership**

Colleen Watts reported that she had met with Alexina of ICBA, who had recommended doing another mailout of the benefits packages from CHBA-BC offices. Only seven members have signed up for the benefits package.

It was mentioned that initial contact will be made to CHBA-BC. There was concern that ICBA directly competes for some of our membership, and that if members contacted ICBA directly, there may be some confusion.

Keith mentioned that the issue of communications was one that was brought up at the National Convention. CHBA-National has been made aware that they are not effectively promoting their function and the activities that they undertake. Members need to be aware of the activities of National and Provincial councils. It is important that we focus on our wins and achievements to show members the tangible benefits of being a member.

10. Correspondence

a) *Office of the Official Opposition*

It was noted that Gordon Campbell had thanked CHBA-BC for a copy of Housing 2020 and reminded us that they welcome the opportunity for communication with our Association.

b) *1998 AHBA Conference*

It was noted that Alberta Home Builders' Association is holding their provincial conference at Jasper Park Lodge from October 3rd to 6th, 1998. It was questioned whether we want to take a stronger role in promoting this conference. It was suggested that we bring this information to our Board Meeting.

c) *Letter from Farnworth*

A letter was received from Minister Farnworth who states that they are looking forward to reviewing the Municipal Act and taking the recommendations from the Safety Systems Review.

11. Other Items

a) *Non - Dues Source of Revenue*

Keith Sashaw suggested that CHBA-BC should arrange some type of bulk travel/accommodation arrangements for the NAHB Trade Show since there are many participants from BC. This may provide as a source of revenue.

12. Adjournment

There being no other business, the meeting was adjourned at 11:00 am.

:hk



MEMORANDUM

Date: February 24, 1998

To: Board of Directors
Committee Chairs
Local Association Executive Officers
Local Association Presidents
David Verge, NHW
Bob Kuhn, Association Solicitor
CHBA-BC Staff

From: Keith Sashaw

Subject: January Board of Directors Meeting Minutes

Please find attached minutes of the January 10, 1998 Board of Directors Meeting held in Burnaby. The April Board Meeting is scheduled to be held at the Coast Harbourside Hotel in Victoria on April 24th and 25th. Further information will be sent under separate cover. If there are any items you wish placed on the agenda, feel free to contact me.

Please advise Harbinder if there are any corrections to be made to the minutes.

I look forward to seeing you in Victoria.

Sincerely,

Keith Sashaw
Executive Vice-President
& Chief Operating Officer

b:0110bord.mem

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m i n u t e s

1. Welcome and Introductions

President Jim Thomson welcomed everyone at 9:05 am. Introductions were done around the table.

2. Adoption of Agenda

The agenda was amended to include a report from the Renovation Council as item 8c.

3. Approval of Minutes

Peter Schultze motioned and Doug Wittal seconded to approve the minutes of the October 16, 1997 Board Meeting.

4. President's Report

President Jim Thomson reported that CHBA-BC has 38 agenda items comprising "The Thomson Agenda", and that these will form as the basis of many discussions in 1998. His verbal report includes many excerpts from the written report included in the Board Package.

President Thomson noted that CHBA-BC has had discussions with the Construction Industry Review Panel and the Minister of Municipal Affairs and Housing regarding the intended labour legislation. It is expected that there will be some form of legislation regarding industry accreditation and mandatory warranty. A task force to study the issue of liability determined that the Association is well insured.

Housing 2020: A Time for Action was released in December, and the issue of agricultural land reserves is a hot one.

The 1995 National Building Code will be adopted in the summer of 1998. CHBA-BC Executive held a positive meeting with the Fire Chiefs Association regarding sprinklers. It is becoming more and more apparent that CHBA-BC has been able to maintain its' credibility as a voice for the residential construction industry. Keith Sashaw was named to the Safety Systems Review Implementation Advisory Group. CHBA-BC Executive had pre-budget consultations with the Ministry of Finance and has continued to argue for the review of the Corporate Capital Tax.

The Georgie Awards is being recognized as a major industry initiative. Brian Tweed is this year's Chair. Entry fees have been raised for non-members.

On a sad note, Jim Thomson noted that Past President Wally Miller passed away in December. CHBA-National is preparing a tribute to Jarl Rosenberg, John Bassel and Wally Miller during the Convention.

5. Government Liaison

i) Safety Systems Review

Keith Sashaw has been named to represent CHBA-BC to the Implementation Advisory Group, a committee driven primarily by industry representation. Co-Chairs are Maureen Enser of UDI and Ken Olive of Municipal Insurance Association.

A meeting was held between CHBA-BC Executive and the Fire Chiefs Association to discuss current issues. Keith Sashaw noted that these were positive discussions. Parameters were set prior to the meeting, and the result is seven items to be addressed cooperatively. It was reiterated that CHBA-BC has no arguments over voluntary sprinklers, but would like to address concerns of fire safety and explore new technologies to suppress fires. A letter has been sent to the Fire Chiefs outlining our analysis of the discussion.

ii) Labour Relations

Keith Sashaw reported that the deadline has been extended for both panels to submit their final reports to the Minister at the end of January. CHBA-BC Executive met with Stan Lanyon and Stephen Kelleher to provide insight as to what constitutes a residential project. It is expected that the panel will be suggesting some form of sectoral certification, however, the residential sector may be excluded. Keith Sashaw reported that the Coalition of BC Businesses is meeting next week to discuss a strategy, and by then, we will possibly have a better idea of what is expected.

It was agreed that the political climate is complex at this time. The current government popularity is plummeting, with recall legislation and anti-business sentiments expressed. It will be made clear that any labour code changes will further disrupt the economy of BC. It was noted that discussions regarding labour legislation will be tense, and that the Association must be armed with not only information, but heavy financial contributions.

Marilyn Lee noted that in the Battle of Bill 44, the media picked up on how the business community banded together to rally, which proved to be a tremendous and effective tool for everyone.

It was questioned what a "builder" was defined as, and that question has not yet been answered. It was noted that subcontracting and specialization in home building is ever increasing, so it will be fairly difficult to define a builder. Also, it is much easier for a subtrade to be certified. Since the employer cannot directly negotiate with the union, more power is handed to the union leaders. Non-affiliation clauses may be exercised.

Allan Askew questioned whether the issue of sectoral bargaining can be articulated in a simpler way so that it can be conveyed to our members. It was agreed that this would be extremely helpful in making the public understand what the legislation may mean, since the issues will be convoluted during Spring's discussions.

There may be a possibility that residential housing may be exempted; however, Jim Thomson pointed out that CHBA-BC will still fight against the labour legislation since many of our members are involved in all types of construction. If housing is not exempted, then we will have a stronger stance to take.

Keith Sashaw pointed out that CHBA-BC actively supports the Coalition of BC Businesses, with Labrador Communications, the public relations company.

It was recommended that the call for financial help should start immediately. It was suggested to approach the companies who contributed last time. Keith Sashaw noted that the Coalition spent \$250,000, with other Associations contributing between \$50,000-\$100,000. CHBA-BC was only able to raise \$45,000, however, our strength was being led by a grassroots level. There will be little time to raise money during the discussions, so the funds should start being collected now. It was noted that last time, the legislation was thrown at builders so fast, that they didn't have a chance to respond. It was agreed that money is necessary, however, it is difficult to raise money for something we can't see.

6. Industry Accreditation of Contractors

CHBA-BC is actively involved in discussions with the Ministry of Municipal Affairs and Housing regarding mandatory warranty and industry accreditation.

Keith Sashaw noted that there are weekly news stories in the Lower Mainland and Victoria on the state of leaky condos. The issue of owner-built homes was raised with the Ministry. It was also noted that the leaky condo problem does not pit union against non-union. Builders are not necessarily the problem.

Keith Sashaw reported that a preliminary document, Improving Quality and Accountability in the Residential Construction Industry, has been released and is looking for a response to the paper from CHBA-BC, NHW, CHOA and UDI.

Industry accreditation and mandatory warranty may also affect changes in the Consumer Protection Act. Different warranty coverages are being considered. Many ministries are involved, and there is tremendous pressure for a "quick fix".

The concept of the Residential Construction Council is well received by the Ministry. It was noted that the Ministry is committed to legislation in the Spring, and that the Legislative Policy Branch is already working on legislation in Victoria. It was further discussed that the goal of the RCC is to ensure that the control of the industry is not in the hands of the industry. Funding discussions are yet to take place.

It was questioned to what extent the problem is. Although media reports show that there is a problem, no one knows how big it really is. It was reported that Canada Mortgage and Housing Corporation hosts a Building Envelope Consortium. The City of Vancouver has also undertaken a study. New Home Warranty offers a stucco certification designation

It will be important to outline in our response on what the industry is doing in terms of industry accreditation to provide a solution to the problem.

7. Task Force on Liability Report

Doris Penner chaired the Task Force on Liability, and has concluded that the Association is well insured. Everything is in good order. It was of concern, however, that some of the Local Associations are not registered under the Society Act, and do not have liability insurance. It was recommended that those Locals who are not covered contact CHBA-BC to obtain more information.

It was noted that if the Association is not registered under the Society Act, then every member of the Association is personally liable. The cost of defense is the highest financial risk.

Allan Askew noted that CHBA-National has put together information regarding the incorporating of a disciplinary process into the constitution and by-laws of the local association.

8. Education and Training

i) Update on Activities

Doris Penner reported that an Education and Management Training Committee had been struck, with members consisting of Dave Rohee, Ralph Moore, Keith Sashaw, Lisa Washbrook and Kevin Fletcher.

Dave Metcalf motioned and Peter Schultze seconded that,

Anyone who has begun the program has to the end of June, 1999 to complete and pass outstanding modules. From this point on, anyone registering in the program must complete and pass all six (6) courses within 26 months.

All were in favour. The motion was carried.

It was reported that two sessions on the legal module have been scheduled since the Builders' Lien Act was passed.

The Building Technologies course is in the process of being updated. Instructors are yet to be confirmed.

CHBA-BC has an advantage in that apprentices may be indentured through the local associations. A Career Ahead Booth is available for high school career fairs.

It was reported that CHBA-BC is exploring options of partnering with other colleges and educational institutions to deliver courses. An agreement has been drawn between CHBA-BC and GR Tech College to run courses on interior finishing, roofing and window. GR Tech College will hire the instructors, conduct testing and practical experience, and provide room space. Courses will be held on evenings and Saturdays. There may be an increase in course offerings if the test with GR Tech is feasible.

Gavin Parsons noted that North Okanagan has a successful apprenticeship program with the high school.

It was discussed whether the CRB program would be available for partnership opportunities, but there was concern that the Association may lose control over the CRB.

Housing Tech '98 will be held on February 14, 1998 at the Sheraton Inn Guildford featuring Carol Smith. It was noted that there are different fee structure for out of town participants. It was also mentioned that the GVHBA Home Show is also going on at BC Place Stadium.

9. Renovation Council

Peter Schultze presented motions for approval from the Renovation Council.

Gary Senft motioned and Bob Starck seconded that,

1. "National Renovators' Training Program (NRTP) in a 5-day format or in modules, be the educational basis for the Renovator Certification Program."
2. "A Professional Renovators Certification Task Force has formed and will proceed with certification. The mandate of the Task Force will be to"
 - develop a process to ratify Certified Renovators (CR)
 - develop a training schedule and NRTP marketing plan
 - develop a marketing approach to promote CR
 - investigate communication efforts
3. "Recommends approval of grandfathering of companies/individuals who have taken the CRB program and/or NRTP and meet other criteria as recommended by the Renovator Certification Task Force."

All were in favour. The motion was carried.

10. Georgie Awards / Housing Awards

It was reported that the 1997 Georgies Awards was a success, and exceeded the budget surplus.

Work is well underway for the 1998 Georgie Awards. There will be 46 categories this year, and Call for Entries will go out after the Georgie Launch on April 2nd, with deadline on July 14, 1998. It is expected that entries will exceed last year's 550.

Brian Tweed is the chair of this years' awards. The Georgies will be awarded on November 7th at the Hyatt Regency Hotel. It was noted that members will receive discounted entry fees and tickets. Tickets will also be reserved for Silver Winners.

Sponsorship of the Georgie Awards is of great value, as is being promoted with a revised sponsorship package. Global TV will produce and air a 1-hour infomercial. Pacific Press will host the After Party.

Doug Wittal expressed concern that the price differentiation for non-members and members does not offer a good value.

Peter Simpson commented that GVHBA has sent out membership packages to non-members, but to no avail. Non-members are getting a "free ride" and taking full advantage of winning a Georgie, without contributing anything to the Association.

Ray Wynsouw recognized the importance of promoting CHBA through the Georgies, but as Allan Askew stated, non-members must be made aware of the what the Association does and its' relevancy.

Keith Sashaw stated that the three most prestigious categories require the entrant to be a member of both CHBA-BC and New Home Warranty. Jim Thomson further added that this issue has been discussed at the Executive level, and concern was expressed that CHBA-BC may lose control of its' awards program; there seems to be a struggle between marketing and builders, although it is a builders' award.

It was recommended to identify the goals and objectives of the Georgie Management Committee and present them to the Board at the next Meeting.

Keith Sashaw further reiterated that CHBA-BC speaks on behalf of the entire residential construction industry. If these were member-only awards, there would be probably be poor participation and attendance. The Georgies offer CHBA-BC an opportunity to approach the whole industry. The Association is more than just for our members. For example, Bill 44 was fought for everyone, not just members.

President Jim Thomson convened the meeting for lunch.

11. New Home Warranty Report

David Verge reported that of 5000 registered wood frame buildings, only 1% are under investigation in regard to water penetration.

Discussions are continuing with the Superintendent of Insurance regarding regulation. The Ministry of Municipal Affairs and Housing is also aware of these discussion, as is the Ministry of the Attorney General.

12. Executive Officers' Council

Linda Hiemstra expressed concern with the poor attendance of Executive Officers. It is understandable that financial constraints restrict EO's to attend, but Locals must understand the need for networking, communication and continuity at all three levels. It was also discussed that the EO's undertake a media training session at the next meeting.

Ray Wynsouw questioned whether the National EO Council could tie in with the National Conference. Marilyn Lee answered that that is an option that the Council is considering. Marilyn Lee also noted that financial assistance is available for EO's.

Peter Simpson and Doris Penner both highlighted the benefits of participating as an EO, and further stated that an Association cannot afford not to send the EO.

13. Convention/1998 Plans

Keith Sashaw explained that the decision to forego conventions was made at the last Board Meeting in October, 1997, however, 1998 will provide a comprehensive series of events.

CHBA-BC will host a major Housing Policy Forum in November to discuss issues such as WCB and land claims. The forum will provide the same, if not more, opportunities for networking and will have the same aura as a convention. The intent is to tie this in with CMHC's Housing Outlook Conference. The schedule will be as follows:

- Friday, November 6, 1998 - ■ Housing Policy Forum
- Saturday, November 7, 1998 - ■ Board of Directors Meeting
 ■ Georgie Awards

The next Board of Directors Meeting will be in April. The Board was offered two choices: in Vancouver, in conjunction with the Georgie Launch on April 2nd; or April 17th in Victoria, when the House is in session to provide an opportunity for networking with MLA's. It was decided after a vote that it would be beneficial for the Association to hold its' meetings in Victoria. A reception is being planned for the Friday night.

Keith Sashaw added that the July Board Meeting will be held in Kamloops, and this is usually a family event.

14. Technical Services

Doug Penzer reported that the TAC Committee had discussed various items, specifically the implementation of the 1995 National Building Code and the technical aspect of Leaky Condos. The mis-use of Schedule C's was also discussed.

The viable option of bringing R-2000 back to BC was extensively discussed. CHBA-National is currently in negotiations with NRCAN. A task force has been struck to review the relevancy, marketing and administrative details of R-2000. The task force is interested in obtaining members to discuss this issue.

15. Financial Statements

Jeff Loucks reported that the Association is in good financial shape. Currently, the communications strategy fund lies at \$7000. Our revenue and expense statements are in line with membership and budgeted projections. The Georgies netted a surplus of \$28,000. The Provincial Conference netted less than projected revenues. There is some concern with the financial situations of some Local Associations.

16. CHBA National Report

President Bob McLaughlin thanked CHBA-BC for inviting him, and took this opportunity to thank all of the Local Associations and Executive Officers for the hospitality extended to him and his family this past year.

President McLaughlin noted that Hamilton will be hosting the National Conference from February 8 - 11, 1998. In November, Bob attended the EO Conference and found it extremely beneficial.

President McLaughlin noted that the underground economy is of concern to the federal government. A presentation was made by CHBA to the finance department, and a final draft is underway for the study of the underground economy.

Some items that the National Association is working towards include: increasing rebate to 4.5%, removing land from GST tax base and eliminating tax pyramids.

Appreciation was extended from the CHBA-BC Board of Directors to President McLaughlin for being visible and approachable during his term.

17. Local Association Reports

Gary Senft reported that the Fraser Valley HBA's membership has stabilized and is close to the projected number. CRB courses are continuing. Gary noted that FVHBA is negotiating with the Clearbrook Training Centre for office and boardroom space. Funding has been received for the Peardonville House. FVHBA will host its golf tournament on May 12th. Plans are underway for the home show to be held at the Agri-Fair.

Harold Skadberg reported that CHBA-Nanaimo is receiving excellent media coverage on their win for the Local Association of the Year. A new Executive Officer was hired, and Marilyn Lee has offered to give her an orientation. Upcoming events include the Little Street of Dreams and a Suppliers' Night. Membership stands at 69.

Jim Vroom of CHBA-Chilliwack & District reported that elections for the association will be held in February. Membership stands at 56. Upcoming events include a Project Show Home in Chilliwack. The Association is looking forward to having National President Bob McLaughlin speak at their next meeting.

Peter Simpson reported that GVHBA is in full municipal liaison with all 19 municipalities. GVHBA is supportive of the Housing 2020 document. The Good Neighbour Policy is being promoted by GVHBA. Peter Simpson noted that he has been appointed by the Mayor to the Heritage Advisory Committee. GVHBA was also involved in a Coats for Kids campaign during Christmas, an international housing tour, the Spring and Fall home show, and the introduction of a Sales and Marketing Council. GVHBA is pleased to host National President Bob McLaughlin at their dinner meeting.

CHBA-Kamloops' Doug Wittal reported that membership is at 95. The Association extensively promoted a successful Renovation Month in October. Appreciation was extended to Rick Kurzac for his hard work and his involvement with the University of the College of the Cariboo.

Scott Tyerman of CHBA-Kelowna reported that the local held another successful Okanagan Housing Awards, with good participation. The Home Show was 85% sold out. It was noted that membership is steady, however, more subtrade members are needed. A seminar on liens and holdbacks has been scheduled.

Gavin Parsons reported that CHBA-North Okanagan is involved with the Children's Hospital as a sponsor. Plans are underway for the Home Show, Silent Auction and the Playhouses.

Prince George HBA's Allen Creuzot reported that the office building is undergoing. The Spring Home Show is being planned, with half of the booth spaces already occupied. Membership is at 90, but is expected to increase due to the Phased Approvals Process. Upcoming events include the Parade of Homes and the Little Street of Dreams.

Bob Starck reported that CHBA-Victoria has an active Board and a good Executive Officer. The CRB Program is being held with 17 participants. Letters of support and endorsement of Housing 2020 have been sent to all municipalities. Plans for the Home Show are well underway, with major sponsors such as BC Hydro, Centra Gas and Beaver Lumber. Planning for the CARE Awards is also underway.

18. Other Business

It was suggested whether an award could be presented in memory of Jarl Rosenberg and Wally Miller. It was further suggested that the names of the Maple Leaf Award and the Beaver Award be changed to reflect these two individuals. However, it was noted that it is difficult to name one award after a specific person, especially since there are so many people contributing to the Association.

Peter Simpson recommended to present the Maple Leaf Award and the Beaver Award at the Georgie Awards Evening, since there will no longer be a conference.

Jim Thomson noted that this will be discussed at the next Executive Committee Meeting. Wayne Davis brought to the attention of the Board a 3 year tax rebate endorsed by the Winnipeg Home Builders' Association. Keith Sashaw will obtain more information.

19. Adjournment

There being no other business, President Thomson adjourned the meeting at 2:45 pm.

:hk



CHBA-BC JANUARY 10TH BOARD MEETING -
ATTENDANCE

EXECUTIVE COMMITTEE

Jim Thomson
Doris Penner
Doug Penzer
Jeff Loucks
Dave Metcalf
Gary Senft
Peter Schultze

CHBA - CHILLIWACK & DISTRICT

Jim Vroom
Lenka Walker

CHBA-COWICHAN VALLEY

Nick Woywitka

FRASER VALLEY HBA

Gary Senft (also on Executive)

GREATER VANCOUVER HBA

Dan Funaro
Jim McLean
Peter Simpson
Dennis Woodward

CHBA-KAMLOOPS

Allan Askew
Doug Wittal

CHBA-KELOWNA

Linda Hiemstra
Scott Tyerman
Ray Wynsouw

CHBA-NANAIMO & AREA

Harold Skaberg

CHBA-NORTH OKANAGAN

Gavin Parsons

PRINCE GEORGE HBA

Allen Creuzot

CHBA-VICTORIA

Wayne Davis
Marilyn Lee
Peter Schultze (also on Executive)
Bob Starck

CHBA-NATIONAL

Bob McLaughlin

CHBA-BC

Keith Sashaw
Harbinder Kainth
Lisa Washbrook

NEW HOME WARRANTY

David Verge



MEMORANDUM

Date: May 20, 1998
To: Executive Committee
From: Keith Sashaw
Subject: Executive Committee Minutes

Attached please find Minutes of the April 2, 1998 Executive Committee Meeting held at GR Tech College.

Please contact Harbinder if there any corrections to be made.

The next Executive Committee Meeting will be held in early June. Information and the agenda will be sent to you advising of the date.

Sincerely,

Harbinder Kaur

for Keith Sashaw
Executive Vice President
& Chief Operating Officer

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M I N U T E S

In Attendance:	Jim Thomson	Gary Senft	Lisa Washbrook
	Doris Penner	Neil Ziola	Harbinder Kainth
	Keith Sashaw	Jeff Loucks	
Teleconference:	Peter Schultze		
	Dave Metcalf		

1. Welcome and Call to Order

President Jim Thomson welcomed everyone and called the meeting to order at 11:20 am. President Thomson commented that the Georgie Launch was a successful event this morning.

2. Acceptance of Agenda

The agenda was accepted, with minor additions.

3. Approval of Minutes of February 12, 1998 and January 21, 1998

Doris Penner motioned and Jeff Loucks seconded the approval of the minutes of the January 21st, 1998 and the February 12th, 1998 meeting of the Executive Committee. All were in favour. The motion was carried.

4. Financial Statements / Treasurer's Report

Keith Sashaw and Jeff Loucks both expressed concerns regarding the number of projected members and membership dues. Most local associations are reported to be dealing with the downturn in the economy. CHBA-BC is operating at a reduced level of expenses to try to offset the loss of projected membership dues. Expenses will continue to be closely monitored. The Local Associations have been requested to estimate the number of members between now and June and expected revenue. A standard reporting system for locals will be created.

Although membership may be low, all CHBA-BC programs are doing well according to the budget. According to preliminary figures, the Housing Tech Forum exceeded budget, as did Illustrated Building Code books. Expenses were low for the conference.

The timing of membership recruitment may be at different times, resulting in different numbers being reported. A better estimating system is in process.

b) 1998/99 Budget

Keith Sashaw circulated a draft budget, and mentioned that he hasn't had a chance to discuss with Jeff Loucks. Last year's budget was referenced in order to develop this year's budget. The budget anticipates reduced revenues and reduced expenditures.

A membership increase is being contemplated, since it will bring us to a closer budgeted amount.

There is an assurance of a contribution of \$210,000 from RCI, however, there is some concern with our sole contributor who is facing uncertainty with legislation.

Interest revenues earned this year will be carried forward.

Sponsorship contributions and entries are uncertain, but tickets will be sold out for the Georgie Awards. Target sponsorship is set at \$120,000. The quote to produce the Georgies by Peter Mayer Productions is much higher since it is being quoted in US dollars. A commitment has been made to Global Studios to produce a 1-hour TV special. The Georgie Management Committee is confident that this will bring in more sponsorship dollars.

The Conference budget shows zero revenues, since there will not be a conference held this year. However, a Housing Policy Forum will be held in cooperation with CMHC, from which we can be expecting some positive revenues. This has not been reflected in the budget.

The Housing Tech Forum has been budgeted at a \$2000 surplus.

It is still yet to be determined whether CHBA-BC broke even on the Illustrated Building Code. Keith will review the accounting process associated with the Building Code books. Contracts will be revised because of changes to the Builders' Lien Act.

There was a \$6300 budgeted expense on the website last year. CHBA-BC has been notified that Cyberbia will not be charging us any operating expenses.

It was mentioned that there will not be an increase in National dues. There is strong support for the Provincial Association. The local associations recognize the amount of work that the Provincial Association achieves on such a budget. Doris Penner mentioned that membership dues were raised by \$5 last year.

Neil Ziola commented that the Association probably will not lose members over a fee increase.

Jeff Loucks reiterated that we must put a value on membership according to dollar value.

It was mentioned that the RCC may provide us an opportunity to increase revenues, if membership in CHBA-BC is mandatory. In effect, our membership would increase.

Expense items

Keith explained that salary components are built into the various departments. An increase of 4.5% in salaries is proposed as staff is assuming more managerial duties.

In the Policy department, the Coalition of BC Businesses is looking for more financial support. The general policy area is budgeted at \$12,000, and approximately \$4,000 was spent.

The Communications Strategy raised more than \$40,000 last year, and this year has raised approximately \$9,000.

There has been a reduction in the proposed budget for Executive Travel since the President (Doris Penner) resides in the Lower Mainland. The Board budget has been increased to \$14,000, to provide opportunities for Executive Officers' participation. It was commented that locals have a greater opportunity to raise funds.

Continuing education shows reduced calendar expenses because of lower distribution and marketing costs.

Jim Thomson mentioned that the Association leased a vehicle for the Executive Vice-President to defray travel costs. This expense should be stated on a separate line.

It was agreed that we have to try to concentrate on how we can increase our revenues.

Jeff Loucks questioned whether there is sufficient revenue to continue operating.

Gary Senft echoed that raising membership fees will not lose members. Dave Metcalf also replied that a modest increase would be a viable option.

Jim Thomson suggested that the budget be thoroughly discussed at the Board of Directors meeting. Keith Sashaw suggested that we should present the budget as a deficit, instead of showing numbers that we cannot achieve. We must recognize our expenses and challenges.

It was agreed that the Budget would be discussed at the Presidents' Meeting on the Friday night before the Board Meeting.

4. Government Liaison Committee

a) *Working Group on Residential Construction / Residential Construction Council*

Keith Sashaw explained that our concerns have been flagged by the Ministry. It is fair to say that warranty would not be included in the Residential Construction Council. It is our suggestion that the mandatory warranty issue be dealt with first, and then implement the Residential Construction Council.

Dave Metcalf noted that we must be adamant in what we want. The Ministry must recognize the differences between single family and multi family units, as well as concerns with owner-built homes.

It is also important to understand the universality of costs to everybody. There must not be exceptions in any instance, since that is where the loopholes will occur, and where the underground economy will flourish.

Keith Sashaw will convey our concerns to Maureen Enser of UDI and Dave Robertson of BCCA.

b) *Construction Industry Review Panel*

Keith Sashaw noted that according to the Throne Speech, the Provincial Government intends to move forward with the recommendations of both panels, which is of deep concern to our Association. The Coalition of BC Businesses will be launching an extensive media campaign. The Premier is intent on rolling ahead with changes to the Labour Code. It is of concern whether these issues will diminish our discussions regarding the Residential Construction Council.

The Workers' Compensation Board has introduced new Occupational Safety and Health regulations. The Board is also introducing a reporting process whereby a company would file a report according to a certain number of employees.

5. Education and Training Committee

a) Update on Activities

Doris Penner and Lisa Washbrook reported that eleven of twelve classes were delivered. A financial loss is not expected.

CHBA-Victoria held a CRB program with nine businesses as participants. CHBA-Nanaimo will be holding a Building Code course.

There has been good feedback about the Housing Technical Forum. Attendance was down about 50 people, and the Carol Smith session was down about 15 people.

Lisa Washbrook noted that new people are taking courses.

An R-2000 development session is taking place on April 6th. NRCan is providing materials for a CRB upgrade. The renovator course is undergoing a modularized format. An instructor is being sought for the Soils and Foundations course.

b) GR Tech College

Keith Sashaw noted that a one-hour teleconference call had taken place and it was approved that CHBA-BC would undertake a joint venture with GR Tech College to develop education and training courses. This is a one-year agreement.

6. Technical Advisory Committee

a) Update on Activities

Neil Ziola reported that the Building Safety Advisory Council is voting to accept the National Code. It was noted that Neil Ziola will go on record to oppose the implementation of the Code because of increased costs.

It was reported that CHBA-National Technical Advisory Sub-Committee is currently dealing with 47 technical issues.

Jim Thomson commented that there should not be any changes to the Code without a Building Standards Branch. Neil Ziola mentioned that this message will be taken to the Minister.

7. Georgies

a) Update on Activities

Keith Sashaw reported that the Georgie Launch this morning was a very successful event. Brian Tweed as Chairperson has set specific goals and targets for the Georgie Management Committee, as well as developing committee descriptions. The Sponsorship Committee is working hard to reach its goal, and although it is a difficult job, major sponsors are consistent.

It was noted that GVHBA is not intending to compete with the Georgie Awards with the introduction of their own awards program. Brian Tweed and Neil Ziola will be attending the next GVHBA Executive Meeting and reiterate that we are concerned about the negative impact such a program will have on the Georgies.

There was some criticism over the Georgies that there is too much emphasis being placed on it, and yet why are we not making more money. There was also concern that the Awards may stop being a CHBA benefit and take a life of its own.

8. Correspondence

a) *Moving Forward - The Vision of BC Business*

The BC Chamber of Commerce has requested our assistance in sending questionnaires to some of our leading members in order to update a report.

b) *User Friendly Homes*

Keith Sashaw reported that he had spoken to Patrick Simpson regarding a publication on how to build cost-effective ways in broadening the market. This may provide as a good opportunity to introduce to our members concerns over aging and disabled persons.

It was reported that a R-2000-like certification program is being proposed by User Friendly Homes, whereby a process where builders build to user friendly specifications. This program mitigates impending concerns over accessible housing in some municipalities. It would be good for CHBA-BC to be proactive and lead the way in this matter, however, further discussion is necessary. This may be a good seminar topic for the Housing Tech Forum, however, it must require further investigation to consider certification.

c) *EO Attendance to Provincial Board Meetings*

It was reported that a strong letter was sent to all Local Presidents regarding the importance of the EO attending the Board Meetings. Criterion needs to be formalized regarding EO travel. There was discussion of an establishment of an EO Bursary.

However, there was concern that this may become financially impossible for CHBA-BC to fund. It was suggested to monitor attendance at the April Board meeting. It may also be useful to hold regular teleconference calls with the Executive Officers prior to the Board Meeting.

There was some concern that Don Rutherford of CHBA-Comox would not be attending. Keith Sashaw will speak to Don directly.

d) *Request for Mailing Labels - Forintek*

There has been a request for mailing labels, and as per Executive policy, the Executive Committee must approve the request.

It was agreed that mailing labels would be provided to them at a cost. It was also recommended that a new policy be developed regarding requests for mailing labels and access to bulk fax services. It was agreed that these types of requests need not be presented to Executive for approval.

e) *National Home Warranty Programs*

Keith Sashaw reported that National Home Warranty is a competing warranty program in BC. In our policy statements and other materials, CHBA-BC is requesting that the company be a member in good standing with a recognized third-party warranty provider. There has been some concern, however, that National Home Warranty has been offering the same coverage of New Home Warranty, and that this recognition has not been extended to include the CRB program and the Georgie Awards. Information regarding National Home Warranty was circulated. There was concern expressed whether National Home Warranty could meet government standards if mandatory certification was introduced.

It was agreed that their participation level must match that of New Home Warranty's level.

Keith Sashaw recommended that Bob Kuhn be requested to analyze both programs.

This issue will be deferred to the next meeting.

f) *Request for Fax-Out - Shepansky Media for GVRD*

Keith Sashaw reported that a bulk fax was sent for GVRD at a cost of \$500.

g) *Thank you Note from Denise Miller*

It was reported that a nice note from Denise Miller was received thanking CHBA-BC for its' Contribution in Wally Miller's name.

9. *Other Items*

a) *April Board Meeting*

Keith Sashaw reported that the April Board Meeting will take place April 24-25, 1998 at the Coast Victoria Harbourside Hotel. A reception for the NDP Caucus has been scheduled for Thursday, April 23rd. Ministers, MLA's and key senior officials have been invited.

A breakfast for the Liberal Caucus will be held on Friday, April 24th. Colin Hansen, Labour Critic, will speak. Betty Christy, from NAHB, will conduct seminars on public relations and media training. The presidents and executive officers will meet on the Friday night, and the Board Meeting will take place on Saturday.

The BOABC Conference starts on Monday. There will be a Joint Executive Meeting on Monday, April 27th at the Coast Plaza at Stanley Park at 7:00 pm.

b) *Disciplinary Action*

It was reported that allegations about financing and customer service regarding the incoming president of CHBA-Kelowna are of concern. CHBA-BC must be responding to these issues, however, we must proceed extremely cautiously, as we will be opening ourselves to a huge liability. We must be able to justify ourselves if legalities come into play.

A Complaints Committee has been struck, consisting of Dave Metcalf, Neil Ziola and Doris Penner. The main issue is whether he should move to the role of President, and determine whether disciplinary action should be taken.

Neil Ziola recommended that a discussion take place prior to the Board Meeting to strike an Ethics Committee.

Keith Sashaw reported that a complaint from Terrace was received.

c) *Communications*

It was recognized that communications at all levels - National, Provincial and Local - are weak. There is an increase of downloading services onto provincial and local associations from National, and we need a better mechanism on what National is doing.

Jim Thomson suggested writing to Lewis Nakatsui expressing our concerns.

d) *Non-dues source of revenue*

It was noted that a Canadian junket to the NAHB Trade Show in Dallas is being organized. This would allow the Canadian contingent to travel together, and stay in the same hotel. More information will follow as it becomes available.

e) *Correspondence - Executive Officers' Council (National)*

Bud Saunders sent correspondence regarding the Executive Officers' workshop that takes place each year. Many EO's are unable to attend because of financial difficulties. Therefore, a funding formula has been set up to cover the cost of the EO - National, Provincial and Local each pays one-third of the cost. It was noted that National does make available a travel bursary.

e) *CMHC*

Canada Mortgage and Housing Corporation recently announced a First Time Home Buyers-Loan Insurance program, of which CHBA is in support. There is concern over increasing premiums, interest rates, and existing availability. The cost of the premium is \$8 per \$100,000. It was explained that one set of programs is cross-subsidizing the other.

f) *AM 1040 Proposal*

Keith Sashaw reported that a proposal has been received from AM 1040 Radio offering one hour of radio time for \$1000. The radio station and time slot target middle-aged consumers, with 19,000 people listening on Wednesdays between 11:00 am - 12:00 pm.

The one hour time slot allows the purchaser to speak about any topic, and also offers ability to take calls. This may be a good opportunity to communicate CHBA-BC's position on various issues, as well as be a good fundraiser in terms of advertising revenues.

There was general support of this proposal, however, further discussion is necessary.

10. *Adjournment*

There being no other business, the meeting was adjourned. The Grand Opening of GR Tech College is to follow.

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MEMORANDUM

Date: May 26, 1998

To: Board of Directors
Executive Committee
Local Association Executive Officers
Local Association Presidents
David Verge, NHW
Bob Kuhn, Association Solicitor
Committee Chairs
- Brian Tweed, Georgie Management Committee
- Herman Rebneris, Housing Policy Advisory Committee
- Ken Sawatsky, Renovations Council
CHBA-BC Staff

From: Keith Sashaw

Subject: April Board of Directors Meeting Minutes

Please find attached minutes of the April 25, 1998 Board of Directors Meeting held in Victoria. The July Board Meeting is scheduled to be held at The Cahility Lodge at Sunpeaks Resort on July 10th and 11th. Further information will be sent under separate cover. If there are any items you wish placed on the agenda, feel free to contact me.

Please advise Harbinder if there are any corrections to be made to the minutes.

I look forward to seeing you in Victoria.

Sincerely,

Keith Sashaw
Executive Vice-President
& Chief Operating Officer

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M I N U T E S

1. Call to Order and Introductions

President Jim Thomson welcomed everyone and called the meeting to order at 9:10 am. Introductions were done around the table.

2. Motion to Adopt the Agenda

Doug Wittal motioned and Peter Schultze seconded to adopt the agenda as presented.

3. Motion to Approve the Minutes of the January Board Meeting

Peter Schultze motioned and Harold Skadberg seconded to approve the minutes of the January Board of Directors Meeting.

4. President's Report

President Thomson outlined his report, as presented in the Board Package. Keith Sashaw indicated that CHBA BC could customize the Report to focus on specific issues, based on the wishes of the Local Association.

5. Labour Resolution

Neil Ziola motioned and Greg Constable seconded to approve the Labour Resolution put forward by the Coalition of BC Businesses. All were in favour. The motion was carried.

President Thomson noted that members should try to follow up with their MLA to notify them how it will affect their company.

The Construction Industry Benefits Plan was recommended as a good plan for employees, which may also help to avoid unionization on the job site. On another matter involving joint cooperation between CHBA-BC and ICBA, a survey will be sent to builders, renovators, and subtrades regarding the salaries, wages and benefits paid by the non-union sector. This information is impartial in discussions with government, the media and the industry on comparisons between union and non-union companies.

It was noted that CHBA-BC is in close communication with ICBA and the Coalition of BC Businesses on the labour code issue. It was mentioned that the union drive in Kelowna was noted and elicited a response from CHBA-BC members.

ii) Industry Accreditation/Mandatory Warranty

To recap, industry representatives had been working with Housing Minister Michael Farnworth. Discussions were positive, and there was support of industry's initiative; however, since Jenny Kwan was appointed Minister, the focus has drifted from industry's initial initiative, and union representation has been added. It was reiterated that CHBA-BC (and Minister Farnworth) feels that this issue is not a union/non-union issue.

The Ministry of Municipal Affairs has since appointed Dave Barrett as Commissioner of an Inquiry into the Construction of Condominiums (Leaky Condos). It was noted that the Commissioner has the power of a Supreme Court Judge, and may subpoena anyone. Our view is that the leaky condo problem is multi-faceted, and builders should not be the ones to shoulder the blame. It is extremely important to the Commission that CHBA-BC participates.

Joe Lstiburek will be recommended by CHBA as a technical expert. If Local Associations are approached, the response should be that CHBA is supportive of the Commission notwithstanding concern over the obvious bias of the Commissioner.

For now, the New Home Buyer Protection plan has been put on hold by the government. David Verge noted that all of these issues have to be addressed at the same time. The submissions to the Commission must be fully comprehensive and complete in light of potential results.

Keith Sashaw explained that the public hearings will be held in the Lower Mainland, as well as in Victoria, Nanaimo and Kelowna. It was requested that if any Local or member is subpoenaed or planning to make a presentation, to first contact Keith.

Dave Metcalf questioned whether the Commission would hire Lstiburek. If not, CHBA-BC should seriously consider funding him, since he would be an excellent impartial participant.

Peter Simpson questioned if CHBA should put the idea of a "superfund" on the table to give the industry an appearance of pro-active support for affected condo homeowners. Keith Sashaw noted there are groups working on remedial financing.

6. Education & Training

Doris Penner provided an update on education and training activities, and noted that most of the information was contained in the Board Package. The CRB program was held in Victoria. There was a brief overview regarding the R-2000 course update. Concern was expressed with the Building Code course, and it was noted that re-writes have been scheduled. It was noted that there is a cooperative venture between CHBA-BC and GR Tech College for course delivery.

a) Renovations Council

Peter Schultze reported that a Renovations Council report was included in the Board Package. Some issues that are being discussed are warranty-related.

7. Georgie Awards / Housing Awards

Brian Tweed directed everyone's attention to the organizational chart included in the Board Package. Also enclosed was an action chart and organization plan for the year ahead. Brian Tweed noted that the Georgie Management Committee is made up of 50 dedicated volunteers.

The 1998 Call for Entries has been sent out. This year featured the first Call for Entries workshop. Last year, 550 entries were received. Approximately 200 people participated in the Georgie Breakfast Launch. Excitement is building for the 1998 Georgies.

Each week Pacific Press features in the New Home Section of the Vancouver Sun, a ¼ page ad featuring sponsors and articles. It was noted that Greater Vancouver HBA is being recognized as a Platinum sponsor. It was also reported that sponsorship is on target, with workshops being planned to assist in raising funds.

Marilyn Lee reported that the CARE Awards deadline for Call for Entries is May 11. It was noted that one particular builder is contemplating submitting 18 entries. The Committee consists of 12 volunteers. The CARE Awards criteria has been adapted, allowing ease of entry to the Georgies.

Linda Hiemstra reported on the Okanagan Housing Awards. Over 100 people attended the Media Launch, held on April 21st at Summerhill Winery. Both CHBA North and South Okanagan Locals participated. It was noted that the Awards are about one month ahead of schedule.

8. Technical Advisory Committee

Doug Penzer reported that the Committee is attempting to meet on a monthly basis. CMHC has a new representative for the Committee. It was noted that the Committee is facing many issues. Doug Penzer noted that Richard Kadulski will be training to become a Building Envelope Specialist. It was also reported that there is preliminary work to prepare a paper for CHBA regarding the R-2000 program.

Neil Ziola reported that the "unique to BC" items in the new Building Code will cost more money. Some of the "unique to BC" items include secondary suites, professional schedules, accessibility standards, insulation and ventilation. National Research Council and CMHC are organizing a program on ventilation. It was noted that BC will adopt the HVCI regulations. It was also reported that the BC Plumbing Code will become Part 6 or 7 of the Code. It was noted that BOABC is concerned with the implementation of the Code, and will try to encourage municipalities to allow permits submitted prior to the implementation date to be built under the current code.

There are other concerns related to the interpretation of the Code since the collapse of the Building Standards Branch. It was noted that the Code will be introduced in June/July, with adoption for November 1st.

Neil Ziola noted that pages 51-55 of the Board Package (missing pages attached) refer to issues from the National Technical Research Committee. The information is presented at this level allowing information to filter from National to Provincial to Local. Dave Metcalf noted that the Association should send a special thank you to David Hill for all of his hard work and dedication to the industry.

Peter Simpson noted that Poly B could become an issue, as a lawyer in North Vancouver has advertised he will launch a class action suit on behalf of homeowners with this. Peter Simpson noted that he has technical information regarding this if the media picks up and this becomes a heated issue.

9. Executive Officers' Council

Linda Hiemstra commented on the excellent attendance of the Executive Officers for the Board Meeting. Appreciation was extended to Keith Sashaw and Jim Thomson reinforcing the importance of the EO in the Association. Linda reported that the seminars conducted by Betty Christy were both useful and

informative. Thank you also to Peter Simpson for sharing his ideas with others. Congratulations to Peter Simpson for being honoured as the EO of the Year.

Bud Saunders referred to pages 57-58 of the Board Package. The proposal refers to providing financial assistance for EO's to attend the EO Professional Development Forum. The cost sharing is on three levels (one-third from National, Provincial, Local). This proposal would apply to small locals with fewer than 100 members. Marilyn Lee noted that the Development Forum is an excellent opportunity to learn and connect with peers in the industry. It also provides an opportunity for new EO's to network, and generate enthusiasm.

Peter Schultze motioned and Gary Senft seconded to approve, in principle, Bud Saunders' letter of March 23rd, 1998, to provide financial assistance to a maximum of \$1000. All were in favour. The motion was carried.

10. New Home Warranty

David Verge presented a verbal report of the activities of New Home Warranty.

11. Treasurer's Report

a) *Presentation of Current Financial Statements*

As documented, there is an increase in membership dues from the last report. 73% of dues have been collected. Illustrated Building Code books and contracts remain in inventory. The Executive Committee is considering offering the Code books at a discounted price. The per unit cost per book is about \$25. It was suggested that Local Associations contact the schools in their area to inquire if the book could be used a training resource.

The Communication Strategy fund is in place, and currently stands at about \$12,000. Expenses are below the budgeted amount. The Housing Technical Forum exceeded budgeted expectations. Incoming revenues are being closely monitored. Gary Senft motioned and Peter Schultze seconded to accept the financial statements as presented. All were in favour. The motion was carried.

b) *Budget*

It was reported that the RCI grant is static for next year. The \$10,000 net for the Georgie Awards is a conservative estimate. No revenues have been budgeted for the Provincial Conference, since there will not be one this year. Executive travel has been reduced, as next year's President lives in the Lower Mainland. The expense of a vehicle lease has been budgeted. There has been a reduction in professional development. A salary increase has also been budgeted.

It was clarified that on page 2 of the budget proposal, year-to-date refers to as of January 31, 1998. It was further clarified that under expenses, specifically policy development, the budget should read as \$191,300 for a net revenue over expenses of \$4250.

Keith Sashaw noted that there is a discrepancy on the front page and the second page. The front page will be used as "Budget". The budget for marketing and promotions has been cut due to cost and actual figures of YTD. The technical services budget has been increased to reflect Builders' Lien Act changes to contracts.

A question was raised regarding the salary increase. Jeff Loucks noted that the salaries are perhaps lower than in competitive places of employment and the increase is there to reflect enhanced managerial responsibilities.

Ken Biss motioned and Wayne Davis seconded to approve page 1 of the proposed budget, which includes a \$20 dues increase. All were in favour. The motion was carried.

12. CHBA National Report

Keith Sashaw noted that in February, John Kenward circulated a strategic plan and plan review for CHBA-National. Given views expressed by Locals, everyone should become familiar with the document and send comments directly to National. Jim Thomson reported that he will express concerns to National as heard by Executive Officers and Provincial Presidents.

A Fairness Survey was sent to all Local Associations to provide input regarding National. Marilyn Lee noted that it would be beneficial for Provincial and National to identify some key issues that directly affect members, ie. Ventilation requirements in Building Code resulted in a savings of \$400. It was also noted that the Where We Stand policy position papers are an excellent source of information to give to members and government contacts.

13. Local Association Reports

Dan Funaro reported that Greater Vancouver HBA registered more than 800 people for the 4th Annual First Time Home Buyers Seminar. GVHBA is active in a number of ongoing municipal committees, including DCC's, Sprinklers, etc. A Sales and Marketing Council has been established. It was reported that the Association is involved with the International Housing Tour and the Certified New Home Sales Professional designation. The renovators are hosting a Parade of Homes in June, and plans are underway to hold a Certified Renovator training program. Media relation strategies have been stepped up in light of the leaky condo situation.

Eric Gerrits reported that CHBA-South Okanagan's membership stands at 53. The Fall Home Show is being planned for October. There has been an increase in the demand for booth space. The Association is also involved with the Okanagan Housing Awards. Concern has been expressed over current economic conditions.

Scott Tyerman of CHBA-Kelowna reported that membership is steady at 88 members. The Home Show was very successful, with sold-out booth space. There is a new format for the directory. The deadline for entries to the Okanagan Housing Awards is July 10th, and awards will given on September 19th.

Bob Starck reported that CHBA-Victoria's membership stands at 128 members, with more expected. The CRB course had 19 registrants from nine businesses. CHBA-Victoria has put in a bid for the 2002 National Convention, with Dave Metcalf as Chair.

Don Rutherford reported that the Crystal Ball Evening hosted by CHBA-Comox/Strathcona was an excellent event. Attendance was doubled at the 3rd Annual Spring Home Show. A Fall Renovation and Trade show is being planned. Membership is stable at 45.

Gary Senft reported that Fraser Valley HBA's membership stands at 66. Interest in Bill 44 and upcoming legislation is attracting participation at monthly meetings. The Home Shows are well received, with the Home for the Holidays show tripling in space this year. The Showcase of Homes will take place on June 5th. The Golf Tournament will take place on May 14th. A Renovation seminar is being planned to take

place in October. Involvement continues with Peardonville House, a transition and rehabilitation facility for single mothers. The Association is participating in a joint project with the technical college, whereby students start technical training in grade 9 and graduate with a diploma.

Doug Wittal reported CHBA-Kamloops' membership is at 113. Doug Wittal and Allan Askew have created their own occupational safety and health program for their company which is available to members for a reasonable fee. It was noted that Judy Goodman is leaving as Executive Officer.

Gavin Parsons reported that CHBA-North Okanagan's membership is at 54, with 4 pending. The Street of Dreams was very successful. The Association is trying to increase its' profile and raise awareness in the community. The Home Show was the best yet, with over one-third of booth space sold to members. Negotiations are underway with the City of Vernon to share office space in a newly renovated heritage house.

Nick Woywitka reported that the membership of CHBA-Cowichan Valley stands at 41 members. Ozzie Jurock attracted 160 guests at the Crystal Ball night. The Association also invited Grant McMillan to speak on WCB issues in March. It is hopeful that the economic climate will improve given the Crofton Mill strike is over. The Golf Tournament will take place on June 9th. To reduce administration costs, there will be reduced summer hours. There was a demonstration of the new Stetson hard hat, which is WCB approved.

Allen Creuzot reported that Prince George HBA is hosting a 1998 Parade of Homes. A winter auction and renovation show is being planning, with the expectation of attracting 400 exhibitors. Membership stands at 96, with 3 pending.

Peter Dyck of CHBA-Chilliwack reported that membership stands at 53, with 3 pending. It was noted that currently a single-family lot carries a \$15,000 DCC. The Golf Tournament is scheduled for June 20th.

Harold Skadberg reported that CHBA-Nanaimo's membership stands at 68. There has been a slight decrease in membership due to economic hardships. A Golf Tournament has been scheduled for June 20th. Harold Skadberg introduced Tricia Preston as the new Executive Officer for the Association.

14. Other Business

Allen Creuzot noted that the their office requires contracts as builder use them on a daily basis. It was noted that the contracts are being revised as a result of changes to the Builders' Lien Act.

It was also suggested that nametags should list name and position of individual, as well as affiliation with Local.

15. Adjournment

There being no other business, President Jim Thomson adjourned the meeting.

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CHBA-BC APRIL 25TH BOARD MEETING -
ATTENDANCE

EXECUTIVE COMMITTEE

Jim Thomson
Doris Penner
Doug Penzer
Jeff Loucks
Dave Metcalf
Gary Senft
Peter Schultze

CHBA - CHILLIWACK & DISTRICT

Peter Dyck
Lenka Walker

CHBA-COMOX-STRATHCONA

Don Rutherford

CHBA-COMCHAN VALLEY

Bob Howell
George Kelly
Nick Woywitka

FRASER VALLEY HBA

Balbir Raiwal
Bud Saunders
Gary Senft (also on Executive)

GREATER VANCOUVER HBA

Dan Funaro
Peter Simpson

CHBA-KAMLOOPS

Allan Askew
Doug Wittal

CHBA-KELOWNA

Linda Hiemstra
Scott Tyerman
Ray Wynsouw

CHBA-NANAIMO & AREA

Greg Constable
Tricia Preston
Harold Skaberg

CHBA-NORTH OKANAGAN

Ken Biss
Jocelyn Heading
Gavin Parsons

CHBA-SOUTH OKANAGAN

Eric Gerrits
Rhonda Williams

PRINCE GEORGE HBA

Allen Creuzot

CHBA-VICTORIA

Wayne Davis
Marilyn Lee
Herman Rebneris
Peter Schultze (also on Executive)
Bob Starck

CHBA-BC

Keith Sashaw
Lisa Washbrook

NEW HOME WARRANTY

David Verge



Canadian
Home Builders'
Association

BRITISH COLUMBIA

MEMORANDUM

Date: June 24, 1998
To: Executive Committee
From: Keith Sashaw
Subject: Executive Committee Minutes

Attached please find Minutes of the June 11, 1998 Executive Committee Meeting.

Please contact Harbinder if there any corrections to be made.

Sincerely,

for Keith Sashaw
Executive Vice President
& Chief Operating Officer

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MEMBERSHIP
MAKES A
DIFFERENCE



Serving B.C.'s Residential Construction Industry



Executive Committee Meeting

Thursday, June 11th, 1998

8:30 am - 11:30 am

CHBA-BC Offices

m i n u t e s

In Attendance:	Jim Thomson	Neil Ziola	Teleconference: Dave Metcalf
	Doris Penner	Jeff Loucks	Peter Schultze
	Doug Penzer	Gary Senft	
	Keith Sashaw		Recorder: Harbinder Kainth

1. Welcome and Call to Order

President Jim Thomson welcomed everyone and called the meeting to order at 8:45 am.

2. Acceptance of Agenda

The agenda was accepted as presented. Keith Sashaw noted that a representative from KPMG would be joining the meeting at 10:00 am.

3. Approval of Minutes of April 2, 1998

Gary Senft motioned and Doug Penzer seconded to approve the minutes of the April 2nd Executive Meeting.

4. Financial Statements / Treasurer's Report

Jeff Loucks presented the financial statements as at April 30, 1998. It was noted that revenue projection on membership is down. 77% of the budgeted revenues from dues have been attained.

It was also noted that in the revised budget that we may be down \$35,000-\$40,000 in membership projections this year. Based on this analysis, and the factor of increased dues, we may still be down by about \$15,000 next year.

Jeff Loucks motioned and Neil Ziola seconded to approve the financial statements. All were in favour. The motion was carried.

5. Government Liaison Committee

a) The Barrett Commission on Leaky Condos - Update

The report on the Quality of the Construction of Condominiums is to be released on June 19th. There is concern that no attention has been paid to the home builders. Technical issues have not been addressed. According to the Commission, the current Building Code is fine.

Keith Sashaw reported that Jim Thomson and he had a good meeting with the Vancouver Sun Editorial Board at which they did a good job of articulating our position. This will serve as an opportunity to go on public record and state our case.

Keith noted that part of our strategy may include discrediting the Barrett Commission. Once the report is made public, CHBA-BC must develop a position to refuse to participate if we don't agree with the report. Legislation is expected to be introduced in about five weeks.

In discussions with Robyn Allan, the report has industry taking on a leadership role.

Some of the questions that have arisen regard the definition of a leaky condo and whether the problem can be solved within the Code. It was noted that NRCAN had already stated that there were going to be problems. It was agreed that CHBA-BC must issue a technical response.

Jim Thomson suggested getting something from experts in the field. Neil Ziola noted that one should be careful when dealing with building envelope specialists because they may not be technical experts.

Keith Sashaw requested that the Executive let the office know of their whereabouts if an emergency teleconference is to be held on June 19th or 20th.

1) Preliminary Analysis of Australian Building Regulations

Keith Sashaw reported that a copy of the Australian Building Regulations had been provided to Robyn Allan for her information.

It was noted that this is a model that is working, and it is a significant change in policy for CHBA-BC.

This document will be circulated to Ministry officials.

b) Labour Legislation - Update

Keith Sashaw noted that the Deputy Minister of Labour contacted Suromitra Sanatani to notify her that the labour legislation would be introduced any day.

CHBA-BC and the business community must be ready to mobilize and fight against changes to the Labour Code. However, it will be difficult to communicate what the changes are since they are confusing. We must make the case that residential is not exempted, as the government will try to convey. The industry cannot be compartmentalized since many of our builders cross over.

Doris Penner noted that there may be a good possibility that UDI may go off on their own again, and suggested that it may be worthwhile if someone from the Coalition could describe to them the advantages of working together.

The Coalition of BC Businesses is launching a radio and print campaign, as well as a letter writing campaign. Media kits are also being prepared. The main message is to let everyone know that it will affect the residential construction industry.

The Liberals are committed to helping us, and it is important to maintain good communication with them.

6. Education and Training Committee

a) *Update on Activities*

Lisa Washbrook reported that Leigh Grelish is the new Co-Chair of the Education and Training Committee, assuming full responsibility as Chair in November.

Lisa reported that the Soils and Foundations course now has an instructor: Dr. Pat Stewart of BCIT. The course is expected to be delivered in the summer.

Lisa reported that she's been trying to get in touch with Vivienne Taylor of CMHC, but was suggested that she should make contact with Val Rosenthal.

It was reported that the Fall Schedule, as well as the Spring Schedule has been set.

It was reported that the process of auditing CRB and RHP's is taking place. About 83% have not been maintaining their professional development. Generally speaking, people are supportive of CHBA-BC's initiatives.

Doris Penner requested a list of people that have been suspended, as we do not want to alienate these people.

Jim Thomson suggested that a meeting be set with BOABC regarding the Building Code course. Some of the dates must be readjusted to accommodate our completion requirements.

Jim Thomson motioned and Gary Senft seconded that the date for completion of all the requirements is moved to December 31, 1999. All were in favour. The motion was carried.

Jim Thomson noted that the BC Wall and Ceiling Association has put together a book regarding stucco, and has asked CHBA-BC to endorse it. Keith Sashaw will follow up.

It was noted that WCB is becoming more proactive, and may provide as a good opportunity to bring back the Safe-T Interactive Program.

b) *CRB Evaluation Summary*

A survey was sent to CRB participants after the program was held in the Fraser Valley and Victoria. Respondents see tremendous value in the CRB designation.

Doug Penzer questioned whether there were any plans to update the R-2000 building course for the 90's. It was noted that it contributes to our credibility whether or not we keep teaching Building Technologies like we have been.

It was suggested to set aside one hour at the Board Meeting to develop a policy regarding this particular issue, since CHBA-BC does not have an official position on this.

Doug Penzer noted that this issue will be discussed at the June 24th meeting of the TAC.

7. Technical Advisory Committee

a) *Update on Activities*

Doug Penzer reported that he reviewed the Best Practices Guide, and wrote to Mark Salerno relaying his concerns about the Guide. Richard Kadulski was also asked to respond to the Guide. Should this guide be adopted, many of the details would be overly cumbersome for builders. Doug concluded that further review is necessary.

CHBA-BC and GVHBA held a joint technical advisory meeting. A vast majority of members are common. The next meeting will feature a speaker from the BCIT Technology Centre.

Doug Penzer presented a proposal, including a budget. It was noted that NRCAN is willing to provide funding up to a few thousand dollars. The budget reflects a net profit to CHBA-BC of \$6,000. Doug noted that he is aware that CHBA-BC cannot provide the administrative resource, and as such, has been worked into the budget.

Gary Senft motioned and Doris Penner seconded to accept the proposal. All were in favour. The motion was carried.

Neil Ziola commented about the study done by CMHC regarding mandatory sprinklers, and suggested following up with the Fire Chiefs Association.

8. Georgies

a) *Update on Activities*

Keith Sashaw reported that the Georgie Management Committee will meet this afternoon. Sponsorship is holding steady, with 64% of the budgeted amount raised. 471 tickets have been sold. Peter Mayer has been selected as the Judging Chairman, with judging to take place from August 19 - 22, 1998. An amendment was made to the multi-family criteria to include what the company has done regarding leaky condos.

The site visit will also be requested to provide architectural drawings depicting how the water is drained.

The producer for the Georgies is Van Keken Productions. Peter Mayer was asked to submit a proposal, and although the proposal was a good one, unfortunately it had to be turned down because of the US exchange rate.

Doris Penner reported that preliminary discussion surrounding the After-Party is promising.

b) *Sponsorship from Provincial Government*

Keith Sashaw reported that the Provincial Government has committed \$7,500 for the Georgies. The question is how can we accept for Excellence in Cooperation with Government when the government is introducing labour code changes that will affect the entire industry. If the Bill is passed, then CHBA-BC will consider options regarding the return of the money.

9. Membership

Keith Sashaw reported that BC Tel is not able to extend the 15% discount on the digital plans, because competition is fierce in the cellular market. BC Tel is able to provide exclusive benefits for members, such as free voice messaging (value of \$7/month). An evaluation will take place in six months' time, when other options can be explored.

The ICBA Benefit Plan is working well, with some revenue flowing into CHBA-BC.

10. Correspondence

- a) *Comparison of Warranty Programs*
- b) *Letter from National Home Warranty to CHBA-Kelowna/Letter from NHW re: National*

Keith Sashaw noted that there has been much discussion surrounding the warranty programs and their level of participation.

National Home Warranty has indicated that they want to be recognized. A letter was sent to CHBA-BC from New Home Warranty stating that they have spent millions of dollars on education and training for CHBA-BC. If another warranty program wants to participate, then they must maintain the same level of participation that New Home Warranty provides.

New Home Warranty has developed a formula, whereby \$15/enrollment would be given to CHBA-BC. CHBA-BC must decide whether or not to endorse them. It was pointed out that National is endorsed by CMHC.

Doris Penner motioned and Doug Penzer seconded to accept to recognize National Home Warranty as a warranty provider and be included as one of our qualifications for CRB. Further, a \$15 surcharge will be imposed to be contributed toward education and training programs at CHBA-BC. All were in favour, except Dave Metcalf. The motion was carried.

- c) *COCA - Bill 14*

Keith Sashaw reported that the newest occupational safety and health regulations are outrageous. A letter from COCA outlines our concerns, and signed on behalf of the Coalition.

- d) *Letter from Glen Clark*

A letter from Premier Glen Clark clearly defines how "important" housing is in BC. The letter outlines the latest cabinet shuffle, and ministerial responsibilities.

- e) *Housing Policy Forum*

Keith Sashaw reported that Harbinder is the staff person designated for the Housing Policy Forum. We are receiving excellent support from CMHC to establish a linkage with the Housing Outlook Conference. Richard Stewart has been asked to submit a coordinating proposal.

f) BC Liberals - Fundraising Dinner

Keith Sashaw reported that CHBA-BC has been invited four times to a fundraising dinner, but has never contributed to any political party. It was agreed that if anyone would like to attend, he or she should pay his/her own cost.

11. Other Items

a) July Board Meeting

The July Board Meeting has been scheduled for July 10th and 11th at the Cahilty Lodge at Sunpeaks. The Friday session will focus on membership in the association and the linkages between National and Provincial. Don Rutherford has agreed to facilitate this session. The Board Meeting will take place on Saturday.

b) NAHB Trade Show in Dallas

Lisa is looking into arranging for a block of rooms at the NAHB housing centre. Group airfares are also being reviewed.

c) Membership Recruiter

This agenda item is tabled to the next meeting. It was noted that the key to make this work is to have support at the Local Association level, as well as the National level. Michael Gough is keen on starting on a pilot program.

d) Alberta Conference

Doris Penner mentioned that the Alberta Home Builders' Association is holding their conference in Jasper from October 3 - 6th.

e) Mailing labels

Jeff Loucks motioned and Gary Senft seconded to accept the Mailing Label and Bulk Fax policy. All were in favour. The motion was carried.

f) ERC Meeting

Jeff Loucks noted that the Economic Research Council will be meeting on June 17th at VanCity Savings and Credit Union at 1:30 pm.

12. Adjournment

The meeting was adjourned at 12:05 pm.



MEMORANDUM

Date: July 27, 1998

To: Board of Directors
Executive Committee
Local Association Executive Officers
Local Association Presidents
David Verge, NHW
Bob Kuhn, Association Solicitor
Committee Chairs
- Leigh Grelish, Education and Training Committee
- Brian Tweed, Georgie Management Committee
- Herman Rebneris, Housing Policy Advisory Committee
- Ken Sawatsky, Renovations Council
CHBA-BC Staff

From: Keith Sashaw

Subject: July Board of Directors Meeting Minutes

Please find attached minutes of the July 11th, 1998 Board of Directors Meeting held in Sunpeaks. The November Board Meeting is scheduled to be held in conjunction with the Housing Issues Conference, Annual General Meeting and the Georgie Awards at the Hyatt Regency Hotel.

Further information will be sent under separate cover. If there are any items you wish placed on the agenda, feel free to contact me.

Please advise Harbinder if there are any corrections to be made to the minutes.

I look forward to seeing you in November

Sincerely,

Keith Sashaw
Executive Vice-President
& Chief Operating Officer

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CHBA-BC JULY 11TH BOARD MEETING -
ATTENDANCE

EXECUTIVE COMMITTEE

Jim Thomson
Doris Penner
Doug Penzer
Jeff Loucks
Dave Metcalf
Gary Senft

FRASER VALLEY HBA

Balbir Raiwal

GREATER VANCOUVER HBA

Peter Simpson
Dennis Woodward

CHBA-KAMLOOPS

Allan Askew
Harry Feather

CHBA-KELOWNA

Mike Ohman
Ray Wynsouw

CHBA-NANAIMO & AREA

Greg Constable
Tricia Preston

CHBA-NORTH OKANAGAN

Ken Biss
Jocelyn Heading
Gavin Parsons

PRINCE GEORGE HBA

Allen Creuzot
Len Storey

CHBA-VICTORIA

Pat Caporale
Wayne Davis
Marilyn Lee
Bob Starck

CHBA-BC

Harbinder Kainth
Keith Sashaw
Lisa Washbrook
Colleen Watts

CHBA-National

John Kenward
Lewis Nakatsui

NEW HOME WARRANTY

Brian Tweed
David Verge

ASSOCIATION SOLICITOR

Bob Kuhn



M I N U T E S

1. Welcome and Introductions

a) BC Gas

President Jim Thomson welcomed everyone and called the meeting to order at 9:05 am. Introductions were made around the table. President Thomson introduced Mr. Don Rankin, who provided an overview of BC Gas' activities. Mr. Rankin explained that deregulation is occurring in the industry. BC Gas is able to provide services in areas which could not be serviced before. For example, BC Gas has entered into a partnership with Parklane Homes. Mr. Rankin noted that BC Gas is always interested in comments from CHBA-BC and is proud to sponsor the Annual Family Barbecue.

2. Adoption of Agenda

The agenda was adopted as presented.

3. Approval of Minutes of April Board of Directors' Meeting

Ray Wynsouw motioned and Wayne Davis seconded to approve the minutes of the April 25, 1998 Board of Directors' Meeting. All were in favour. The motion was carried.

4. President's Report

President Jim Thomson reported that the President's Report is as presented in the Board Package. Some of the issues that the Executive has been dealing with has been Bill 26, leaky condos, and registration of builders. President Thomson mentioned that the Official Opposition is dedicated to winning Bill 26 as Bill 44 was won last year.

5. Government Liaison Committee Report

a) Update on Activities

i) Labour Relations Report - Update on Bill 26

Keith Sashaw reported Bill 26 is occupying the agendas of many people. The Liberals are doing a good job of delaying the Bill. There is increasing frustration on the part of the NDP, and tempers are flaring. It is important that we increase the pressure and stress on the NDP. Keith noted that the Coalition of BC Businesses organized a successful rally that sent a powerful message that Bill 26 is not good for the BC economy. CHBA-BC is taking a leadership role in the fight against Bill 26. Keith also noted that we may not win Bill 26, however, we also didn't expect to win Bill 44.

Keith expressed his thanks to all of the Local Associations who have been writing letters to protest the Bill.

On Tuesday, July 13th, a cavalcade of 30 vehicles will start from the rally point in Victoria, circle the legislature with horns blaring and visit Andrew Petter's office. Phil Hochstein and Suromitra Sanatani, as well as Keith Sashaw will be holding a press conference at the same time as the cavalcade.

It was noted that Bill 44 was more comprehensive, but easier to criticize. Bill 26 is convoluted, but it will make it easier to unionize construction.

It was advised that all Local Associations call the Liberal MLA in their area to offer support. If the area has a NC MLA, the message should be sent that if he doesn't stop the Bill, he will not get reelected. A list of key MLAs was circulated.

ii) *Barrett Commission Report*

Keith Sashaw reported that the Barrett Commission delivered its' recommendations on June 19th. CHBA-BC responded to the recommendations on July 3rd. Our message is consistent with that of UDI's. UDI met with Doug McArthur, who indicated that the Premier's Office is pleased with the recommendations. The proposed legislation was sent to the Legislative Council with few changes. CHBA-BC has requested a meeting with Minister Jeni Kwan and Doug McArthur.

There are two pieces of legislation that could influence the final Act. The first is the New Home Buyer Protection Act and the other is at the back of the Barrett Report. The new legislation may be a combination of both, and will essentially have a profound impact on our industry. Expected is increased warranty coverage, the issue of owner-builders, registration of builders and establishment of standards in regards to education and training. There is concern that what will be created will be cumbersome and bureaucratic. Our response is to work with the committees that have already been established.

iii) *WCB*

Keith Sashaw reported that Bill 14 will have a horrendous impact on the construction industry, with over 1400 new regulations in occupational safety and health.

It was also reported that the BC Federation of Labour is proposing to spend \$125 million to establish workplace training centres that would be built and operated by the BC Federation of Labour. It was recommended that each Local Association express their opposition and write to WCB supporting the Coalition of BC Businesses.

iv) *Other*

Keith Sashaw mentioned that volunteers are needed to review and analyse the draft document for Municipal Sewage Regulations for proposed residential developments.

6. *Treasurer's Report*

a) *Presentation of current financial statements*

Jeff Loucks reported on the financial statements as presented in the Board Package. The issue of the shortfall in membership dues has been raised during budget discussions among the Executive. Gary Senft motioned and Greg Constable seconded to approve the financial statements as presented. All were in favour. The motion was carried.

7. *Education and Training*

a) *Update on Activities*

Doris Penner reported that the 5th Annual Housing Tech Forum will be held on March 6th and 7th at the Sheraton Guildford Hotel.

200 people have taken courses this past year. It was reported that the Fall Schedule has been set. There are no exams being offered by BOABC, due to the transition to a new Building Code, therefore no Building Code courses will be held.

It was reported that GVRD is interested in co-sponsoring a course that will include aspects of Advanced Framing Techniques.

b) *Renovation Council*

The report for the Renovation Council was distributed. It was reported that the Council is moving forward with the Certified Renovator program. David Verge noted that NHW is reviewing criteria for a renovation warrant.

Doug Penzer recommended that a letter be sent to the Renovation Council from New Home Warranty advising of their time lines if there are concerns of renovators moving to alternative warranty programs.

It was explained by David Verge that, until recently there has been interest among renovators, but not enough to justify the cost. The situation may be different now.

c) *BCIT Correspondence*

Keith Sashaw noted that the CHBA-BC offices have been donated by BCIT on a 20-year lease, with an extension of 5 years. Parts of the arrangements include access to the classroom for delivery of education and training.

BCIT has gone through restructuring and has established a Dean of Construction, who requires office space. BCIT has proposed that the Large Classroom be renovated to house the offices of the Dean of Construction.

CHBA-BC will receive priority booking for classes and Board Meetings on the BCIT Campus.

Wayne Davis questioned whether the lease can be extended. Keith responded that we currently have an excellent arrangement, and alternative options will have to be reviewed in the future.

Doris Penner mentioned that the building is in a sad state. Perhaps the pressure will be there to improve the appearance of the building.

Gary Senft motioned and Bob Starck seconded to approve the proposal of the Dean of Construction. All were in favour. The motion was carried.

e) *Housing Issues Conference*

Keith Sashaw reported that a Housing Issues Conference will take place on November 6th at the Hyatt Regent Hotel. There have been positive discussions with CMHC to coordinate their Housing Outlook Conference to take place on November 5th. Richard Stewart has put forward a proposal of four streams of major policy issues. A high-profile keynote speaker will be featured.

The CHBA-BC Board Meeting and Annual General Meeting will take place on Saturday, November 7, 1998 at the Georgie Awards will be held that evening. Doris Penner mentioned that the BC Business Council is hosting a BC Business Summit on the Sunday and Monday.

8. *Georgie Awards / Housing Awards*

Brian Tweed reported that the 1998 Georgies will be a successful event. Entries are expected to exceed last year's record. Tickets are selling fast, with over 60% sold. Sponsorship efforts have raised \$84,000 in cash, and additional in-kind donations.

A policy change was made to the Call for Entries for the entrant to include an addendum on what steps they have taken to mitigate the leaky condo problem. This addendum is only required by coastal climate companies.

On site visits will be made during judging for the overall achievement categories.

Brian noted that the Georgie Management Committee and CHBA-BC staff are dedicated to ensuring that the 1998 Georgies is a success.

The After Party will be held in a larger room.

Ray Wynsouw provided some feedback regarding the criteria, citing that for some builders, the requirements are cumbersome. Brian Tweed answered that the criteria are reviewed each year by a group of builders.

Peter Simpson questioned whether there was an intention in standardizing the criteria with the National Sam Awards. John Kenward replied that criteria for the SAM's were reviewed, and everyone's Awards Program was reviewed. Great care is taken to mesh our criteria and conformity is stressed at all levels.

Brian Tweed mentioned that Peter Mayer will be the Judging Chairman, and uses the Georgies as a model for all his shows. All comments will be taken under advisement.

Marilyn Lee reported that there were a record-breaking number of entries for the CARE Awards. Fewer companies are entering. Marilyn noted that next year, the format of the evening will change. The budget was achieved. Sponsorship had increased this year, because of the high profile that the Awards offer. President Jim Thomson noted that he had enjoyed attending the CARE Awards.

Mike Ohman reported that the Okanagan Housing Awards are on track. Entries and sponsorship are expected to be down, because of low housing starts. Bryan Shrake has provided tremendous support to raise the profile of the Okanagan Housing Awards.

9. Technical Services

a) Technical Advisory Committee

Doug Penzer reported activities of the Technical Advisory Committee, as distributed at the Board Meeting.

The debate continues with the costs and benefits of residential sprinklers. It was reported that Ian Bazley is working with National on this issue.

Doug reported that NRCAN had given approval for the reestablishment of the R-2000 Program. John Kenward commented that National is supportive of CHBA-BC's initiative.

Doug also mentioned that the TAC had formulated a technical response to the Leaky Condo issue.

President Jim Thomson adjourned the Meeting for lunch at 11:40 am and reconvened at 12:35 pm.

9. Executive Officers' Council

In Linda Hiemstra's absence, Peter Simpson chaired the meeting of the EO Council. Peter expressed his appreciation of all that CHBA-BC is doing for all the Locals. The Locals are committed to supporting CHBA-BC. The EO Development Forum will be held in November in Ottawa.

Ray Wynsouw questioned why the EO Development Forum was not held at the same time as the National Convention. John Kenward replied that there are many pre-conference meetings that many of the Executive Officers attend. John also commented that the Executive Officers, after attending the Forum, are far better equipped to deal with Association issues. Sending the EO to the Forum should be considered as an investment, not a cost.

There is some financial assistance available. The funding formula is based on the length of distance travelled. The Forum is held in Ottawa because it allows CHBA the opportunity to network with important agencies, such as CMHC.

10. CHBA National Report

National President Lewis Nakatsui reported on activities of CHBA National. President Nakatsui thanked everyone for their dedication to the Association.

President Nakatsui commented that CHBA takes many of their successes for granted. It is important to coordinate our efforts at the National, Provincial and Local levels.

Membership has its' advantages. CHBA has the ability to influence government and policy. The mission of CHBA is to ensure members operate in a profitable environment.

Other activities that the Association is involved in are the Kyoto Project, working with CMHC to lower the down payment, and 400 other issues that have been identified.

The National Conference will be held in Regina, Saskatchewan from February 14-17, 1999.

John Kenward reviewed the publications that CHBA has produced: "Liabilities in the Residential Sector," "How to Work in the Underground Economy," etc.

President Jim Thomson thanked both Lewis Nakatsui and John Kenward for attending the CHBA-BC Board Meeting.

Ray Wynsouw questioned whether CHBA National is able to do anything to assist with various issues that CHBA-BC is facing. It would be helpful if CHBA-National gave the Provincial Government as federal perspective, as to what is happening in the rest of Canada compared to BC.

12. New Home Warranty Report

David Verge reported on activities of New Home Warranty of BC and Yukon.

13. Warranty Governance

One of the recommendations of the Barrett Commission is that CHBA-BC divests itself of New Home Warranty because of the perception that the two entities are in conflict. A report identifying all options and courses of action CHBA-BC can take is expected to be ready in about 30 days.

Doug Penzer motioned and Dave Metcalf seconded that,

The Executive of CHBA-BC be and hereby is authorized to amend the articles of New Home Warranty to change the composition of the Board of New Home Warranty, and make any required appointments to that modified Board, so as to appropriately reflect participation by the various stakeholder groups involved in or affected by the business of New Home Warranty, without need for further direction from or approval by the Directors of CHBA-BC.

All were in favour. The motion was carried.

David Verge commented that the Barrett Commission cannot force CHBA-BC to divest itself of NHW. It was mentioned that all of the directors are builders. An option may be to think about a provision regarding the inclusion of constituency groups other than builders. The perception must be changed.

14. Local Association Reports

Greg Constable of CHBA-Nanaimo reported that there are 66 members, and the report is as presented in the Board Package.

Allan Askew reported that there are 114 members of CHBA-Kamloops. The main fundraiser, in cooperation with the University College of the Cariboo raised \$15,000 for the Association. Efforts are being made to acquire the Home Show for Interiors. Appreciation was expressed to Marilyn Lee and Peter Simpson in the assistance of selecting a new Executive Officer. The Association is looking forward to participating in the Okanagan Housing Awards.

Bob Starck presented the report as submitted in the Board Package for CHBA-Victoria.

Len Storey of Prince George HBA reported that 24,000 people attended the Home Show and 3000 people attended the Parade of Homes. Currently, the Association stands at 90 members.

Gavin Parsons presented the report as submitted in the Board Package for CHBA-North Okanagan.

Bob Raiwal reported that Fraser Valley HBA is currently working toward establishing a MAP . A successful Show of Homes was held, with 2000 people in attendance. There are 71 active members, with expectation to increase to 80 by the end of summer.

Ray Wynsouw reported that CHBA-Kelowna has 89 members. Bryan Shrake has been hired as a Public Relations advisor to the Board. The Association is becoming more active with the media. It was also reported that CHBA-Kelowna has changed its constitution to allow any third party warranty provider to qualify for membership in the Association.

Peter Simpson reported that Greater Vancouver HBA is facing membership challenges this year due to the economy. Membership stands at 287 members. The First Time Home Buyers' Seminar was successful attracting 850 people. The Fall Home Show will take place in October, and the Spring Home Show will take place in February. A \$1000 scholarship has been established at BCIT. Other community outreach activities that GVHB is involved with are with South Fraser Child Development Centre, United Way, Rape Relief and Women Shelters. Peter also noted that NAHB is looking at holding their EO Conference in Vancouver, and is currently reviewing hotel room rates.

14. Other Business

It was noted that a special rate of \$130 per night has been secured at the Hyatt Regency Hotel for the Housing Issues Conference, the Georgies and the Board Meeting.

15. Adjournment

There being no other business, President Jim Thomson adjourned the meeting at 2:25 pm.

:hk



Canadian
Home Builders'
Association

BRITISH COLUMBIA

MEMORANDUM

Date: July 27, 1998
To: Executive Committee
From: Keith Sashaw
Subject: Executive Committee Minutes

Attached please find Minutes of the July 22, 1998 Executive Committee Meeting.

Please contact Harbinder if there any corrections to be made.

Sincerely,

for Keith Sashaw
Executive Vice President
& Chief Operating Officer

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Serving B.C.'s Residential Construction Industry



M I N U T E S

In Attendance: Jim Thomson Dave Metcalf
 Doris Penner Keith Sashaw

Teleconference: Peter Schultze Recorder: Harbinder Kainth

1. Welcome and Call to Order

President Jim Thomson welcomed everyone and called the meeting to order at 8:20 am.

2. Shayne Ramsay - Homeowners' Protection Office

Shayne Ramsay was introduced as the Interim CEO of the Homeowners' Protection Office (HPO). Shayne explained that his current focus is the logistics of the office. Shayne provided an overview of the function of the HPO. The three main functions will be to deal with licensing of builders, the reconstruction fund, and research of education and training.

It was explained that the federal government and provincial government will each provide \$75 million as "bridge financing" for interest-free loans. These will be distributed through the banking industry. The amount provided by government will be repaid out of industry contributions.

It was mentioned to Shayne that development cost charge accounts are being held by many municipalities, and the interest is mounting on them. These monies could be forwarded to the reconstruction fund. Shayne will bring this to the attention of the Minister.

The licensing process for builders will be in effect by January 1st. This will be a priority for Vancouver and Victoria. A sub-committee will be established to review the licensing process, consisting of representatives from CHBA-BC, UDI, BCCA, and warranty providers. Trade unions likely are not necessary to be a part of this sub-committee. It was suggested that BOABC be approached to sit on this committee.

There was concern about the proposed 2-year warranty, which would increase the cost burden.

The Ontario model is being reviewed, as are building systems in Australia.

It was questioned whether mandatory warranty can be implemented at the same time, province-wide. It was noted that it may simplify the process if phasing in was avoided.

Shayne noted that the determined levy or fee will be developed through consultation.

Shayne also explained that another function of the HPO will be research and education. This department will advise government on building codes and also act as an interpreter of the Code. The HPO is expected to be the centre of residential construction. The intention is to centralize and coordinate education and training. If one particular association is offering a program, that association or organization would deliver the program as needed, without the HPO delivering it.

It was recommended that a CRB Residential Builder Program outline, as well as report on Occupational Analysis on Builders be given for review to the HPO.

It was noted that Association Solicitor Bob Kuhn was very interested in the Alternative Dispute Resolutions, which are to be developed within 6-12 months.

There is still some concern with building envelope specialists, home inspectors and owner-builders.

It was reiterated that CHBA-BC is committed to working with the HPO in a cooperative manner, however, it may be difficult to maintain considering the level of distrust with the Minister.

3. Acceptance of Agenda

Peter Schultze motioned and Dave Metcalf seconded to accept the agenda as presented.

4. Approval of Minutes of June 11, 1998

Doris Penner motioned and Dave Metcalf seconded to approve the minutes of the June 11th Executive Meeting.

5. Financial Statements / Treasurer's Report

The latest financial statements were included in the July Board Meeting package. The Communications Strategy fund has been depleted, however, it was agreed that the strategy was a wise investment.

It was noted that the HPO may provide as a tremendous opportunity or major threat to the Association.

It was reported that the fiscal year surplus will be approximately \$40,000, although this is just an estimate subject to year-end adjusting entries. This is due to the staff of the Association who have kept expenses to a minimum, and have attempted to maximize revenue opportunities.

Jim Thomson suggested the Executive Committee host a retreat for a brainstorming session to form a strategic plan for the Association.

6. Government Liaison Committee

a) Labour Legislation - Update

Keith reported that Bill 26, the Labour Code Amendments Act received Third Reading.

It was reported that John Kenward has offered to assist in developing a "Guide to Deal with Union-Organizing", similar to one that NAHB has published. The key is to make members aware of what may

occur and how to deal with it. It was also reported that the ICBA Construction Industry Benefit Plan is a successful program among our membership.

b) School Sites Acquisition

Keith reported that Bill 36 was introduced on Thursday. The Act is fundamentally and philosophically incorrect. It is important to make our members aware of what's going on. It was noted that the Liberal Caucus did contact us, however, when the issue of school sites first arose, the Bill was passed unanimously.

c) Housing Affordability - Letters for Approval

Letters to the Mayors and Council and the Chambers of Commerce were drafted for approval. It was agreed that this is a good form of communication.

It was also suggested that the Association form a strategic alliance with the BC Chamber of Commerce, among others.

7. Education and Training Committee

a) Update on Activities

Doris Penner reported that Leigh Grelish is Co-Chair of the Education and Training Committee. Doris noted that there are some issues to be addressed with the GR Tech CCTP Program. An advisory committee has been established to review the program.

Any advertising that GR Tech undertakes will first be approved by CHBA-BC. It was suggested that GR Tech's introductory courses not offer advanced techniques.

It was reported that a meeting has been scheduled on Friday to discuss apprenticeship.

Bob Kuhn is interested in teaching the Construction Law course. Bob has also expressed interest in developing a course on the legalities of the HPO.

Lisa Washbrook requested that any ideas of a technical nature be directed to her for consideration for the Housing Tech Forum.

It was recommended that Shayne Ramsay or his staff be given a free registration for CRB certification.

8. Technical Advisory Committee

a) Update on Activities

CHBA-BC has yet to present an official position on Leaky Condos. The vapour issue must be discussed openly and frankly, and the TAC must bring together professional people and adopt a formal position.

It was noted that CHBA National can provide us with many resource materials. It was recommended that a half-day meeting be scheduled for the TAC in early September, and invite a technical person from National to facilitate the discussion.

9. Georgies / Membership

a) *Update on Activities*

Colleen Watts reported that a record-breaking 572 entries had been received. There is competition in every category.

It was reported that one incomplete submission was received after the entry deadline, and resulted in a disqualification.

The judging process has begun to take place. Entries have been mailed to the Eastern judges. In-house judging is to take place on August 6th and 7th.

The Judge's Dinner is scheduled for August 19th at the Fish House in Stanley Park. Members of the Executive Committee are invited to attend.

There is some concern with sponsorship. Only \$90,000 of the targeted \$130,000 has been raised. There has been difficulty in obtaining new sponsors. It was reported that a student has been retained to follow up with sponsorship. In regards to accepting sponsorship from the Provincial Government, the Sponsorship Committee agreed that the Georgies is a non-political event, therefore, their recommendation is to accept the money. This issue will be discussed by the Executive Committee at a later date.

10. Correspondence

a) *Fire Chiefs' Association of British Columbia*

Jim Thomson has formulated a response, reiterating that the position of the Fire Chiefs' is contrary to the uniform building code. It was agreed that CHBA-BC would explain our position in a letter over Jim's signature.

b) *Association Solicitor*

It was reported that Bob Kuhn is no longer with Baker Newby. Considering Bob's long term dedication, CHBA-BC would like to retain services of Bob and his company.

Dave Metcalf motioned and Jim Thomson seconded that Bob Kuhn be appointed as Association Solicitor. All were in favour. The motion was carried.

c) *CHBA-Skeena*

Keith reported that CHBA-Skeena is experiencing financial difficulties, and has requested that their association be affiliated with CHBA-BC but not pay dues for National. It was also noted that CHBA-BC had written back, stating that repayment schedules could be set, however, dues must be paid.

d) *On-Site*

Keith reported that this program provides as an opportunity to fill a technical void. The program offers post-secondary students for six months, salary free. It was recommended that this program be further investigated.

11. Other Items

a) *November Board Meeting / Housing Issues Conference*

Keith reported that the Housing Outlook Conference by CMHC will be held on November 5th. CHBA-BC will host an industry reception that evening. The Housing Issues Conference will be held on Friday, November 6th. An Association Awards Dinner will be held in the evening for Board members. The Board Meeting and Annual General Meeting will be held on Saturday, November 7th, with the Georgie Awards that night.

b) *Membership Recruiter*

Keith reported that notes and a memo were sent to John Kenward regarding a membership recruiter. Keith reported that John Kenward is not supportive of the idea. It was recommended that CHBA-BC investigate On-Site (above) as a potential option.

c) *BCIT*

Keith noted that he would be meeting with the Dean of Construction at BCIT to discuss renovations to the CHBA-BC building.

12. Adjournment

There being no other business, President Jim Thomson adjourned the meeting at 11:20 am.

:hk

FAKED

MEMORANDUM - NOTICE OF MEETING

DATE: September 3, 1998

TO:

- Executive Committee
- Board of Directors, CHBA-BC
- David Verge, NHW
- Bob Kuhn, Baker Newby
- Local Association Executive Officers
- Local Association Presidents
- Committee Chairs
 - Brian Tweed - Georgie Management Committee
 - Herman Rebneris - Housing Policy Advisory
 - Ken Sawatsky - Renovations Council
 - Leigh Grelish - Co-Chair, Education and Training
- CHBA-BC Staff

FROM: Harbinder Kainth for Keith Sashaw

SUBJECT: July Board Meeting Minutes - Change

Please find attached a change in the July Board Meeting Minutes. The change is italicized in the Technical Advisory Report.

Feel free to contact me if you have any questions.

I look forward to seeing you at the November Board Meetings.

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A
MEMBERSHIP
MAKES A
DIFFERENCE



Peter Simpson questioned whether there was an intention in standardizing the criteria with the National Sam Awards. John Kenward replied that criteria for the SAM's were reviewed, and everyone's Awards Program was reviewed. Great care is taken to mesh our criteria and conformity is stressed at all levels.

Brian Tweed mentioned that Peter Mayer will be the Judging Chairman, and uses the Georgies as a model for all his shows. All comments will be taken under advisement.

Marilyn Lee reported that there were a record-breaking number of entries for the CARE Awards. Fewer companies are entering. Marilyn noted that next year, the format of the evening will change. The budget was achieved. Sponsorship had increased this year, because of the high profile that the Awards offer. President Jim Thomson noted that he had enjoyed attending the CARE Awards.

Mike Ohman reported that the Okanagan Housing Awards are on track. Entries and sponsorship are expected to be down, because of low housing starts. Bryan Shrake has provided tremendous support to raise the profile of the Okanagan Housing Awards.

9. Technical Services

a) Technical Advisory Committee

Doug Penzer reported activities of the Technical Advisory Committee, as distributed at the Board Meeting.

The debate continues with the costs and benefits of residential sprinklers. It was reported that Ian Bazley is working with National on this issue.

Doug reported that the Executive Committee of CHBA-BC has given approval for the reestablishment of the R-2000 Program. John Kenward commented that National is supportive of CHBA-BC's initiative.

Doug also mentioned that the TAC had formulated a technical response to the Leaky Condo issue.

President Jim Thomson adjourned the Meeting for lunch at 11:40 am and reconvened at 12:35 pm.

9. Executive Officers' Council

In Linda Hiemstra's absence, Peter Simpson chaired the meeting of the EO Council. Peter expressed his appreciation of all that CHBA-BC is doing for all the Locals. The Locals are committed to supporting CHBA-BC. The EO Development Forum will be held in November in Ottawa.

Ray Wynsouw questioned why the EO Development Forum was not held at the same time as the National Convention. John Kenward replied that there are many pre-conference meetings that many of the Executive Officers attend. John also commented that the Executive Officers, after attending the Forum, are far better equipped to deal with Association issues. Sending the EO to the Forum should be considered as an investment, not a cost.

There is some financial assistance available. The funding formula is based on the length of distance travelled. The Forum is held in Ottawa because it allows CHBA the opportunity to network with important agencies, such as CMHC.

10. CHBA National Report

National President Lewis Nakatsui reported on activities of CHBA National. President Nakatsui thanked everyone for their dedication to the Association.

President Nakatsui commented that CHBA takes many of their successes for granted. It is important to coordinate our efforts at the National, Provincial and Local levels.

Membership has its advantages. CHBA has the ability to influence government and policy. The mission of CHBA is to ensure members operate in a profitable environment.

Executive Committee Meeting

Wednesday, September 16th, 1998

9:00 am - 12:00 pm

CHBA-BC Offices

m i n u t e s

In Attendance:	Jim Thomson	Gary Senft	
	Doris Penner	Neil Ziola	
	Doug Penzer	Teleconference:	Peter Schultze
	Keith Sashaw	Recorder:	Harbinder Kainth

1. Welcome and Call to Order

Jim Thomson called the meeting to order at 9:20 am.

2. Acceptance of Agenda

The agenda was accepted as presented.

3. Approval of Minutes of July 22nd, 1998

Doug Penzer motioned and Neil Ziola seconded to approve the minutes of July 22nd, 1998.

4. Financial Statements / Treasurer's Report

Trusha Pandit reported on the unaudited financial statements as of June 30, 1998.

It was noted that certain changes have been made in inventory. The surplus of \$43,400 may not necessarily be true because the inventory is overstated.

It was recommended that the Building Code book be sold at \$10.00 each, since there is some value to the book.

The changes to the contracts will be reflected in next year's financials. \$1200 worth of contracts was written off in June.

It was reported that funds are in control with respect to accounts receivable.

There is \$9000 in the Communications Strategy fund. Education and training shows a surplus of \$37,000. Overall expenses are 94% of budgeted expenses.

It was noted that it would be useful if locals provided us with their anticipation of renewals each month.

The financial statements from July 1998 were reported. The Call for Entries raised \$52,000. Prepaid Georgie expenses are at \$90,000. Deferred expenses are \$190,000, and expenses will balance out at the end of November.

The communication strategy fund is at \$2200.

It was recommended to set up a separate revenue line item for ICBA referral fees in the income statement.

5. Government Liaison Committee

a) Homeowners' Protection Office - Update

Keith Sashaw reported that it is unlikely that there will be committees. Written submissions regarding licensing structures are being requested. Shayne has asked for submissions or discussions before the end of September, to work something in for October and finalized for January 1st, 1999.

The reconstruction fund is being finalized. There is an active committee working on the Alternative Dispute Resolution aspect.

It was noted that the Chief Financial Officer was hired from BC Housing, and that postings for the Registrar are due next week, after the ads are translated. It will cost approximately \$2-2.5 million to run the HPO.

Warranty provisions are also being looked at. Many different models have been analysed. However, the general consensus is to allow the warranty providers to set the criteria for builders regarding financial capacity and track records. Key industry people, such as Kathy Mancer, Richard Stewart and Bob Kuhn have been contracted to conduct research for the HPO.

CHBA-BC's policy is that any builder who is building should be licensed. There is concern over the owner-builder provision. We have already adopted our own position. It was recommended that CHBA-BC submit its original position of April 1997, which imposes mandatory warranty, the builder must be a member of an accredited organization and that the association sets the standard for education and training.

It was pointed out that it is important to expose the HPO to the membership. Shayne Ramsay is willing to visit locals and listen to concerns.

The opening of the Homeowner Protection Office was noted. It was unanimously agreed that CHBA-BC will not attend the opening, given the lack of response by the Minister. It was recommended that upon receipt of the invitation, we send a letter to the Minister explaining why CHBA-BC will not attend.

Jim Thomson moved and Doug Penzer seconded that unless we meet the Minister prior to the opening of the HPO, we will not attend the opening ceremony.

b) Update - Meeting with Ministry of Finance

A meeting was held with Chris Trumpy, the Deputy Minister. It was conveyed to him the dire condition of our industry, and the growth of the underground economy. Various options of enforcement were

discussed. It was agreed that this meeting was a constructive one, and that efforts should be made to form alliances with other ministries.

c) *Letter from Premier re: Labour Code*

A letter was received from Premier Glen Clark. No action was taken.

6. **Education and Training Committee**

a) *CRB Program*

Doris Penner reported that Allan Creuzot is discussing industry accreditation programs, specifically a gold seal program, with construction associations. Doris noted that the CRB program could perhaps reciprocate with other construction associations in regard to certification / accreditation programs.

It was noted that the HPO is interested in promoting courses that are already in process. It is important that we encourage members to participate in our courses, especially if these will be given credit through the HPO.

It was recommended that the curriculum and criteria be reviewed from these other associations before credit is given toward the CRB designation. The CRB Council will require endorsement from the E&T Management Committee.

b) *Update on Activities*

Doris Penner reported that the BOABC will be holding Building Code Upgrade courses in November. All RHP designations must take the Update course to maintain their designation.

GR Tech will be holding its' first course (in conjunction with CHBA-BC) on October 15th.

The Housing Tech Forum has been scheduled for March 6th. It was noted that a potential speaker, Charles Shin, would cost a minimum of \$6,000 plus expenses for both days. This is still under discussion.

CMHC will be releasing its' Best Practices Guide in Wood Frame Construction, and it will be beneficial to have this at the Forum.

Plenary speakers are being sought. It was suggested that a sponsor be assigned for each plenary speaker.

Doris Penner noted that CHBA-BC can indenture apprentices through CHBA-BC, however this aspect needs to be promoted. Local Associations will also need to promote this. A draft position on mandatory certification has been circulated for discussion. It was agreed that many basic things need to be changed before the apprenticeship and certification can be fully supported.

Doris Penner motioned and Jim Thomson seconded that the position on mandatory certification be adopted in a draft format. All were in favour. The motion was carried.

Doris Penner noted that the Association must come to a consensus regarding conditions resulting in leaky condos before the Building Technologies course is delivered. We cannot advise against the Code requirements, and there must be consistency.

It was questioned whether the HPO will reestablish the Building Standards Branch. There was also concern expressed about liability.

It was noted that every licensed R-2000 builder must take an Update course to maintain his/her designation.

c) *National Warranty Contribution to RCI*

Keith Sashaw noted that a response has been received from National Home Warranty advising of their \$15 per unit contribution to RCI. Keith will correspond with National Home Warranty requesting clarification of the contribution.

7. **Technical Advisory Committee**

Doug Penzer reported on the activities of the Technical Advisory Committee.

Doug reported that he had a meeting with Richard Kadulski on NRCAN, regarding the presentation of a draft re-implementation of the R-2000 program in BC.

Neil Ziola commented that in the Barrett Commission referred to changes to be made in Part 5 of the Building Code. A meeting was held regarding the review of Part 5, however, documentation has not resulted in anything. NRCAN is trying to expand the scope of the National Building Code. There are 12 new additional items to disguise the fact for accessibility and worker safety, which may be in contravention of WCB.

Neil Ziola also noted that he will be the Chair of the Technical Research Committee, so a new liaison between Provincial and National TAC may be required for better representation.

b) *On-Site Application*

Keith Sashaw explained that the technical position has been posted. The position calls for technical assistance, salary free, for six months.

8. **Georgies**

Colleen Watts reported on the Georgie Awards. Judging of the Awards went well, with two days of site visits. All Silver Finalists have been notified, and the Vancouver Sun has also published the Silver Winner Insert.

Tickets are sold out for the Awards, and the after party room will be open earlier than last year. The producers are currently working on the opening module of the show.

Doris Penner moved and Jim Thomson seconded to accept the \$7,000 sponsorship contribution from the Province of BC. All were in favour. The motion was carried. It was noted that sponsorship contributions are approximately \$40,000 short of budgeted sponsorship.

Plans for the Silent Auction are underway. Potential donors include builders and developers. Specialty items, such as centre pieces, program book and wine, are being sought from builders and developers, since they cannot directly sponsor the Georgies. These sponsors would only be recognized at the event.

It was explained that the Georgies have not accepted or solicited contributions in the past from builders to preserve the integrity of the Georgies.

Doug Penzer moved and Doris Penner seconded that the Executive Committee endorses the sponsorship of specialty items by builders and developers for the Georgies. All were in favour. The motion was carried.

9. Membership

Keith Sashaw noted that continued correspondence indicates that CHBA-Skeena will no longer be an active association. It was noted that CHBA-Cornox is also experiencing financial difficulties. Keith noted that CHBA-BC is able to accept a deferral of fees as an accounts receivable. It is encouraging, however, that membership is stable in the rest of BC.

10. Correspondence

a) *Letter to Ray Wynsouw from Ministry of Municipal Affairs*

Keith Sashaw noted that it is unlikely that builders in Kelowna will be charged a levy in regards to the Homeowner Protection Office. It was pointed out that CHBA-BC led the fight in that discussion.

b) *User Friendly Homes*

Keith Sashaw explained that he had met with Patrick Simpson regarding his concept of a user friendly homes. There is discussion about building a show home on the west side of Vancouver. Patrick Simpson has made an application to the Real Estate Foundation for funding. There is filming in process on how to build a user friendly home; as well as educational seminars are being offered. Keith noted that there is a potential of \$20,000 for CHBA-BC if we undertook specific accounting purposes and administrative detail. It was recommended that this issue be discussed at the TAC. It was further recommended that a meeting be arranged with Patrick Simpson, Doug Penzer, Doris Penner and Neil Ziola to further discuss the concept.

c) *Condominium Home Owners' Association*

The Condominium Home Owners' Association is requesting the support of CHBA-BC for provincial and federal tax relief. There is a concern that there may be a political agenda. This agenda item was tabled to the next meeting.

d) *EO Workshop Subsidy*

Keith Sashaw noted that the EO Workshop subsidy is available to those locals who demonstrate need. Keith will contact Michael Gough and confirm that CHBA-BC does offer this option to Executive Officers, however, it is based on a need requirement.

11. Other Items

a) *Housing Issues Conference / November Board Meeting*

Harbinder Kainth reported that there are 80 registrations for the Housing Issues Conference. Speakers are being confirmed for the sessions. GVHBA has been approached to move their dinner meeting to the Thursday.

b) *Association Awards Dinner*

The Association Awards Dinner will be on Friday night, and board members and executive officers are invited. At this time, Doris Penner will present her incoming presidential address, and Jim Thomson will give his outgoing presidential address.

Wally Miller has been considered for the Murray McGill Award. Recipients of the Beaver Award and the Maple Leaf Award will be discussed after the Executive Committee Meeting.

12. Adjournment

There being no other business, the meeting was adjourned at 12:15 pm.

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Executive Committee Meeting

Thursday, October 22nd, 1998

10:00 am - 2:00 pm

CHBA-BC Offices

m i n u t e s

In Attendance:	Jim Thomson	Gary Senft	
	Doris Penner	Teleconference:	Jeff Loucks
	Doug Penzer	Recorder:	Harbinder Jassal
	Keith Sashaw		

1. Welcome and Call to Order

President Jim Thomson welcomed everyone and called the meeting to order at 10:10 am.

2. Acceptance of Agenda

Doris Penner moved and Doug Penzer seconded to accept the agenda as presented.

3. Approval of Minutes of September 16th, 1998

The minutes of September 16th, 1998 were not ready for approval.

4. Financial Statements / Treasurer's Report

Trusha Pandit and Jeff Loucks reported on the financial statements for September, as well as the audited financial statements as of June 30, 1998.

Audited (as of June 30, 1998)

There was a surplus of \$29,000 for the year compared to the budgeted surplus of \$20,000.

The convention and the Georgies did financially well, compared to the previous year, though both were below budget. The process for reporting membership projections, however, must be reviewed to better help CHBA-BC plan its' financial position, since membership dues form the major portion of our revenue.

Appreciation was extended to CHBA-BC staff for monitoring expenses.

The dues increase is effective November 1st, which will present a challenge to forecast membership dues for our financial statements, since some locals' renewal period does not start in November.

The Building Code books have been written down to reflect the lower inventory value.

Jeff Loucks moved and Doug Penzer seconded to approve the audited financial statements. All were in favour. The motion was carried.

Financial statements as of September 30, 1998

It was reported that cash on hand is at \$48,000, accounts receivable is at \$188,000 and \$64,000 has been received from RCI.

Most of the revenues from the Georgies have been received. The major expense is the production.

\$13,000 has been received in registrations for the Housing Issues Conference. \$3,000 was prepaid. At this point, further expenses will be the contract fee of \$3,500 plus 50% of profit to Richard Stewart and some travel expenses for speakers.

The NAHB Conference incurred some marketing expenses. A refund of \$2,500 will be received.

Contributions to the Communications Strategy fund have stopped, and the fund has been overdrawn to \$2,000.

Members' equity stands at \$92,000. Executive Travel expenses have increased. Fees from the ICBA Benefits Plan total \$633 from the last three months.

The key figure will be noted in the November financials in terms of membership, the Georgie Awards and the Housing Issues Conference.

Jeff Loucks motioned and Doris Penner seconded to approve the financial statements as of September 30, 1998. All were in favour. The motion was carried.

5. Government Liaison Committee

a) Homeowners' Protection Office - Update

Jeff Loucks stated that CMHC is assisting the HPO with the reconstruction program. Jeff noted that he is unsure how the cost of borrowing is taking place, but it is expected to be at prime plus 1 per cent. The ceiling loan will probably be based on their assessment.

Keith Sashaw stated that it is interesting to note that the licensing and warranty system will have a phased in system, in place by January 1st, 1999 and finalized by April 30th, 1999. It is likely to be tied to the building permit process. For example, the builder would obtain the form from the municipal hall, verify the warranty provider, confirm that levy has been paid and then the permit is issued by municipal hall. It is undecided who will collect the levy. There is concern that this process will be lengthy. It is likely that there will be available a public registry of licensed builders.

Keith raised the issue of owner builders at the latest Building Safety Advisory Council meeting. It was very encouraging that most of the participants supported CHBA-BC's position. Many participants are building inspectors. Correspondence has been sent to BOABC and all Mayors and Council expressing our concerns.

Keith reported that he had a successful meeting with Jim O'Dea, Chair of BC Housing Management Commission, who is empathetic with our position. There was discussion about the level of frustration in regards to the lack of communication with the Minister.

Jim Thomson noted that documentation which states how many starts are owner built should be sent with the letter.

It was noted that a letter of endorsement was received from the BC Chamber of Commerce. It was recommended that CHBA-BC advise the BC Chamber of Commerce that our members are available speak at their meetings.

Keith noted that a Lobby Kit had been designed to send to Local Associations, including sample press releases, sample letters, and other media-related information.

It was noted that nothing is happening for January 1st, but we must encourage our membership that once licensing requirements are set, to register as early as possible.

It was noted that during the recall campaign against the Minister of Education in Prince George, it will be important to focus on negative impacts of the School Sites Acquisition Act or the Education Statutes Amendment Act.

i) Letter of Support - ASTT-BC

Keith reported that a recent letter was received from ASTT-BC requesting support to share concerns with designations. Keith will be meeting with ASTT-BC next week. It was questioned whether their designation could be offered jointly with RHP. It was explained that ASTT-BC has a number of different designations, designed for different sectors of the economy. A year ago, a memorandum of understanding on cooperation was signed by both our Associations.

Gary Senft motioned and Doug Penzer seconded to send a letter in support of ASTT-BC's concerns. All were in favour. The motion was carried.

b) Revenue Canada

It was noted that we need to coordinate an attack on the underground economy with contacts from Revenue Canada.

6. Education and Training Committee

a) Update on Activities

Keith Sashaw reported that the agenda for the March 6th Housing Tech Forum is set. Joe Lstiburek will once again do a presentation, as well as conduct a technical session on the 7th. The HPO will also be approached for their participation. There was concern on whether David Hill is an appropriate person to conduct a seminar on moisture.

It was recommended that a meeting be arranged with Joe Lstiburek to discuss concerns and views on R-2000.

It was recommended to replace CMHC's Healthy Housing seminar with the Best Practices Guide on Wood Frame Construction.

Lisa Washbrook reported that the financial management course has 8 registrants, construction law has 8 registrants, Marketing has 11 registrants, and R-2000 has 21 registrants. The course on indoor air quality was cancelled since CMHC is offering the exact same course.

There will be a session jointly offered by Canadian Portland Cement Association and CHBA-BC regarding insulated concrete forms on November 23rd, featuring Tex McLeod. The session is limited to 40 people.

A meeting with Gregg Lowes, Doris and Keith will be scheduled to discuss an update to the Stucco Course.

The Certified Renovator Program is expected to running soon. The HPO has been written to regarding licensing. The challenge lies in defining a renovation. It is yet undecided who will offer the education and training.

It was noted that BCIT is willing to included CHBA-BC courses in their course calendar. BCIT is also eager to develop joint programs. It is important that CHBA-BC build links with community colleges.

b) Maintaining RHP designation

Lisa Washbrook reported that the CRB Council met on September 29th, and the discussion focused on whether a RHP should have to be an employee of a member company. It was agreed that an employee of a non-member company can maintain his/her designation as long as he or she follows the code of ethics.

It will be mandatory for all Registered Housing Professionals to attend the Building Code Update course in order to maintain their designation.

7. Technical Advisory Committee

Doug Penzer reported that Gary Sharp, Technical Coordinator for CHBA-National is visiting Vancouver. It was reported that there is interest for reestablishing an R-2000 program in BC, and an R-2000 forum is being organized. NRCAN has offered to finance this forum.

Doug mentioned that it would be a good membership benefit to provide a technical bulletin/newsletter. It was noted that New Home Warranty publishes a technical bulletin, and perhaps there may be an opportunity to incorporate both associations' newsletters. It was suggested that the HPO could be a source of funding.

Work is already in progress regarding the R-2000 program. CHBA has given \$2000. Doris Penner moved and Jim Thomson seconded to enter into the contract. All were in favour. The motion was carried. Congratulations to Doug Penzer for his initiative.

b) User Friendly Homes

Keith reported that Patrick Simpson is seeking funding for a demo project on the west side of Vancouver. A proposal has been submitted to the Real Estate Foundation. Doug mentioned that this opportunity may provide CHBA-BC with a high visibility in the community. According to demographic reports, the accessible housing market is an up and coming one. It was recommended that this proposal be further pursued.

8. Economic Research Council

An Economic Research Council meeting held recently resulted in a dismal outlook for 1999. Housing starts ending 1998 ranges from 18,000 to 22,000.

Keith noted that at his recent interview with Rafe Mair, Housing 2020 was referenced and it was interesting to note that CHBA-BC was bang on with its predictions in that policy document.

9. Nominations Committee

Keith Sashaw reported on behalf of Dave Metcalf. Doris Penner automatically becomes President. Doug Penzer has agreed to serve as 1st Vice President, and Gary Senft has agreed to serve as 2nd Vice President. Jeff Loucks has agreed to serve as Secretary, and Rex Leonard will be the Treasurer. Suggestions for Presidential Appointees are welcomed.

10. Georgies

Colleen Watts reported that \$123,000 has been raised in sponsorship. The Silent Auction has collected 16 items. The Minister of Municipal Affairs is attending the Awards. Tickets are completely sold out. The Georgie TV special is being worked on. Interviews have been set, scheduled to start on November 9th. The special will air on November 28th at 7:00 pm.

It was noted that Colleen has done an excellent job of taking on the challenges of the Georgie Awards.

11. Membership

a) CHBA-Cowichan Valley

A letter was received by CHBA-Cowichan Valley requesting fee deferral. This issue is discussed every year. CHBA-BC is not in position to forego membership fees. It is important for CHBA-BC to make the public aware that membership is worth more than what the dues are, and how valuable this organization is.

b) CHBA-Skeena

Keith mentioned that he had spoken with Betty Barton. Housing starts in the Skeena area have been reduced by 75%. Therefore, the Local Association will not continue to operate.

However, an information session was organized by Brian Tweed and Keith Sashaw for the establishment of a local association in Salmon Arm. There is strong interest in establishing an active association. Membership kits and other information were sent to a main contact person.

12. Correspondence

a) Council of Construction Associations - Article

This article from the Journal of Commerce was included for information only.

b) Employers' Forum to the WCB

Keith Sashaw will write a letter of support in regards to the COCA position on the WCB. A follow up letter should be written to Joy MacPhail as well.

13. Other Items

a) Awards - Judging

Judging of association awards will take place immediately after the Executive Committee Meeting.

b) Housing Issues Conference / November Board Meeting

It was reported registrations for the Housing Issues Conference are still arriving. There will be 20 panels. There is good participation from the Ministry. David Baxter will be speaking in the morning and Mike Harcourt will be speaking at lunch. Doris Penner will also give her inaugural address.

c) Association Awards Dinner

The Association Awards Dinner will be held on Friday, November 6th at Victoria's Chinese Restaurant.

d) Office Security

There have been reports of office items being moved around and computers turned on in the mornings. During a weekend, one of the doors was left unlocked. Various options are being explored to solve this problem.

e) NHW

Jim Thomson noted that a complaint/allegation has been brought against New Home Warranty.

14. Adjournment

There being no other business, the meeting was adjourned at 12:40 pm.

:hkj

MEMORANDUM

Date: November 23, 1998

To: Board of Directors
Executive Committee
Local Association Executive Officers
Local Association Presidents
David Verge, New Home Warranty
Bob Kuhn, Association Solicitor
Committee Chairs
- Leigh Grelish, Education and Training Committee
- Brian Tweed / Doug Wilson, Georgie Management Committee
- Herman Rebneris, Housing Policy Advisory Committee
- Ken Sawatsky, Renovations Council
- Doug Penzer, Technical Advisory Committee
CHBA-BC Staff

From: Keith Sashaw

Subject: November Board of Directors Meeting Minutes

Please find attached minutes of the November 7th, 1998 Board of Directors Meeting, Annual General Meeting and 1998/99 Board of Directors' Meeting held in Vancouver. The next Board Meeting is scheduled to be held in conjunction with the Housing Technical Forum in March.

There will be three board meetings held in 1999:

- March, 1999
- July, 1999 (Family Barbeque)
- November, 1999 (Housing Issues Conference, Georgie Awards)

A calendar of events will be sent, as well as further information on future board meetings will be sent under separate cover. If there are any items you wish placed on the agenda, feel free to contact me.

Please advise Harbinder if there are any corrections to be made to the minutes.



November Board Meeting - Attendance

Executive Committee

Jim Thomson
Doris Penner
Doug Penzer
Dave Metcalf
Jeff Loucks
Gary Senft
Peter Schultze

CHBA-Chilliwack & District

Jim Vroom
Lenka Walker

CHBA-Comox-Strathcona

Tony Cruz

CHBA-Cowichan Valley

Jim Cooper
George Kelly
Nick Woywitka

Fraser Valley HBA

Balbir Raiwal
Bud Saunders

Greater Vancouver HBA

Leigh Grelish
Peter Simpson
MJ Whitemarsh
Dennis Woodward

CHBA-Kamloops

Allan Askew
Chris Bebek
Harry Feather

CHBA-Kelowna

Linda Hiemstra-Phillips
Mike Ohman
Ray Wynsouw

CHBA-Nanaimo

Greg Constable
Tricia Preston

CHBA-North Okanagan

Jocelyn Heading
Gavin Parsons

Prince George HBA

Allen Creuzot
Bruce Siddall
Sharon Slager

CHBA-South Okanagan

Eric Gerrits
Rhonda Williams

CHBA-Victoria

Wayne Davis
Herman Rebneris
Bob Starck

CHBA-BC

Harbinder Jassal
Trusha Pandit
Keith Sashaw
Lisa Washbrook
Colleen Watts

CHBA-National

John Kenward
Lewis Nakatsui

Other Associations

Dale Barker
Rex Leonard
Brian Tweed
David Verge

M I N U T E S

1. Welcome and Introductions

President Jim Thomson welcomed everyone and convened the Board of Directors Meeting at 9:00 am. President Thomson introduced Dale Barker of BC Real Estate Association. President Thomson also welcomed CHBA-National President Lewis Nakatsui, as well as John Kenward, Chief Operating Officer.

2. Adoption of Agenda

Dave Metcalf motioned and Gary Senft seconded to adopt the agenda.

3. Approval of Minutes of July Board of Directors' Meeting

Greg Constable motioned and Ray Wynsouw seconded to approve the minutes of the July Board Meeting.

4. President's Report

Jim Thomson presented the President's Report as included in the Board Package. Many of the issues and challenges that the Association is facing were discussed at the Housing Issues Conference.

President Thomson noted that our Association is stronger than ever. Efforts are being made to establish a local association in the Shuswap area.

President Thomson thanked the Board and membership for the opportunity to serve as President. Thank you to staff, volunteers, and membership for hospitality shown to President Thomson.

5. Government Liaison Report

a) *Homeowners' Protection Office*

Keith Sashaw reported the Homeowner Protection Office will be distributing a report will be distributed on Monday. It was reported that the report requires immediate attention, since a response is expected by November 20th. We must ensure that our Association's views are presented. It was noted that a major concerns lies with owner builders. Also, retooling the industry in such a short period of time, especially with political agendas driving the HPO, is also the cause for much concern.

It was noted that key advisors to the HPO include individuals who are fully familiar with the Association and our positions, which bodes well for the Association.

Jim Thomson reiterated that Locals should be communicating with their MLA's and inviting Shayne Ramsay to speak at dinner meetings.

Keith Sashaw noted that pre-budget consultations with the Ministry of Finance are taking place on November 25th. Issues to be discussed include the corporate capital tax, decrease of personal disposable income, and reductions in personal income tax. It was also noted that the Association will be meeting with Minister of Employment and Investment, Honourable Michael Farnworth.

b) Housing Issues Conference - Report

Keith Sashaw reported that the Housing Issues Conference held yesterday exceeded expectations. The conference was informative and created dialogue among different constituency groups. It was agreed that this type of format met the Board's needs, and it was decided to hold a Housing Issues Conference next year.

6. Housing Awards

a) Georgie Awards

Brian Tweed reported that the Georgie Awards have required incredible effort and time. Appreciation was extended to David Verge for providing the flexibility required to chair the Georgies.

Brian explained that tonight is the night to celebrate with industry and mingle with the best of the best. This year boasted many successful events: a Breakfast of Champions Launch at Global Studios, a call for entry workshop at Hazeldine Press, record-breaking number of entries (572), and tonight's Silent Auction and Awards Presentation.

CHBA-BC should take pride in the Georgies and the level that it has achieved. Many thanks to Colleen Watts for her dedication and hard work.

Jim Thomson thanked Brian Tweed for his excellent chairmanship, and also noted that Brian is the recipient of this year's Maple Leaf Award.

b) CARE Awards

Marilyn Lee reported that the chair for the CARE Awards is Dom Piluso. Sponsorship funds are increasing. Jim Thomson noted that CHBA-Victoria did an excellent job at the Awards.

c) Okanagan Housing Awards

Mike Ohman reported that many winners of the Okanagan Housing Awards are Silver Georgie Winners. The website will continue to be maintained, as well as the Silver inserts in the newspaper.

7. Education and Training

Leigh Grelish reported on the activities of the Education and Training committee.

Leigh Grelish explained that courses are designed to better meet the needs of industry.

The Apprenticeship and Certification Sub-Committee has met to develop a position on mandatory certification of carpentry. Leigh Grelish moved and Jim Thomson seconded as follows:

CHBA-BC is committed to Education, Training and Apprenticeship. However, under the present structure and rules, we cannot support mandatory trade qualification, until the entire system has been re-structured to better meet the needs of the industry. CHBA-BC is prepared to commit available resources necessary to assist in redesigning the Apprenticeship system to better meet the needs of the industry.

All were in favour. The motion was carried.

It was reported that the CRB Council has been reactivated. Two major policies were discussed. The RHP remains with the person, and the RHP does not have to work for member company.

Leigh Grelish moved and Dave Metcalf seconded that a RHP who is looking to reactivate their designation must complete outstanding continuing professional development to the current year, pay all outstanding renewal/administration fees, and sign Code of Ethics. All were in favour. The motion was carried.

The Housing Technical Forum will be held on March 6th, 1999 at the Sheraton Guildford in Surrey. Joe Lstiburek will hold a special technical session on March 7th.

It was reported that CHBA-BC is continuing to monitor and evaluate ongoing courses in regards to the joint venture agreement with GR Tech College.

It was requested to forward names as representatives to the E&T Committee.

It was asked whether long distance education was an option. It was noted that there has been some discussion with Coast Hotels regarding video conferencing.

Marilyn Lee reported that the new CHBA-Victoria office can accommodate up to 15 people in the boardroom that could be used for courses conducted in Victoria.

It was questioned what the validity of CHBA-BC designations will be once the new standards are set. It was suggested that a campaign to heighten the designation profile should be undertaken.

It was reported that there have been positive discussions with warranty programs regarding a registration process.

Doris Penner noted that union representatives have been invited to attend the next E&T Meeting.

It was reported that BOABC will deliver the new the Building Code Course with CHBA-BC. Many local associations expressed their frustration with the time frame for writing the Code exam. It was noted that Keith Sashaw delivers an excellent seminar on "How to Write the Building Code Exam".

It was also noted that there have been positive discussions with BCIT School of Construction regarding working in conjunction to establish and review the site superintendent course.

Ray Wynsouw mentioned that Okanagan University College is interested in working with CHBA-Kelowna.

It was noted that Beaver Lumber in Kelowna is offering home renovation seminar courses, which causes concern that supplier members are in direct competition with the Association. It was also mentioned that BCAA is also in direct competition.

b) Renovation Council

The Renovation Council is in the process of developing a proposal for the HPO as to define what a renovation is, who needs to be certified, and who will provide education and training.

8. Membership & Benefits

Keith Sashaw reported that membership is of major concern for the Association. Ambitious goals for membership were set in April, however, it is a challenge and budgetary risk. Membership retention and recruitment is important. It was reported that CHBA-Skeena will be closed since there is no building taking place in the area. However, there is considerable interest in the Shuswap area for the establishment of a Local.

It was noted that CHBA-BC enjoys an excellent benefits package with ICBA on a portable health plan. Changes have been made to the BC Tel Mobility plan, since digital rates have been very competitive. The 15% discount has been eliminated, and a package including free voice messaging is being offered to only four associations, one of which is CHBA-BC.

9. Technical Advisory Committee

Doug Penzer reported that the Technical Advisory Committee is fielding requests for research priorities, which can then be sent to National TRC. It was noted that CMHC has issued the Best Practices Guide on Wood Frame Construction. The study on sprinklers has also been released by CHBA-National.

It was reported that the R-2000 builders committee is pleased with support in BC, however, long term commitment is still being sought.

10. Executive Officers' Council

Linda Hiemstra Phillips was pleased to introduce two new Executive Officers, Ms. Chris Bebek of CHBA-Kamloops and Ms. Sharon Slager of Prince George HBA.

The EO Professional Development Forum will be held in Ottawa from November 20th to the 21st. Two bursaries are available to assist with expenses. Bud Saunders provided more information regarding the Forum and noted that he is pleased that ten Executive Officers are attending from BC.

The 1998/99 Chair of the CHBA-BC EO Council is Tricia Preston. Jim Thomson noted that he is pleased with the commitment level of the EO's to the Association.

11. Treasurer's Report

a) *Presentation of current Financial Statements*

The financial statements as of September 30, 1998 were presented. Jeff Loucks noted that there is a challenge in respect to membership dues. There has been a reduction of expenditures at CHBA-BC. The budget is on-track.

b) *Presentation of 1997/98 Audited Financial Statements*

The audited financial statements will be presented at the Annual General Meeting.

12. CHBA-National Report

CHBA National President Lewis Nakatsui congratulated CHBA-BC on being a stronger association in face of all of the challenges. These negative issues have been an opportunity to demonstrate the value of membership. It is with confidence that President Nakatsui states that Doris Penner will make it an even stronger association, with a positive approach to challenges.

President Nakatsui extended his appreciation for the hospitality shown to him at the local associations, and thanked everyone for making his presidential term a memorable one.

Major areas for discussion at the National level are: government imposed costs, regulatory environment, liability, environmental issues, consumer knowledge and assertiveness. The total number of agenda items equal to 400 items that the Association must deal with.

13. New Home Warranty Report

David Verge provided a verbal update on the activities of New Home Warranty of BC.

14. Local Association Reports

Peter Simpson presented the Greater Vancouver HBA Quarterly Report as presented.

Jim Vroom noted that CHBA-Chilliwack & District holds steady at a membership of 50. The Home Show was successful.

Tony Cruz reported that CHBA-Cornox-Strathcona's membership stands steady at 50 members. Shayne Ramsay will be a guest speaker at a dinner meeting. Tony Cruz reported that Andrea Wagemaker is the Executive Officer for the Association.

George Kelly reported that CHBA-Cowichan Valley has 42 members. Upcoming events include a suppliers' night and a Crystal Ball Evening with David Baxter.

Balbir Raiwal reported that Fraser Valley HBA is working on the Peardonville House. FVHBA is hosting the biggest trade show in the Fraser Valley next week. Membership holds steady at 59 members.

Allan Askew reported that there are 114 members in CHBA-Kamloops, and they are working to increase membership. Chris Bebek is the new Executive Officer for the Association. The home built by the Association and the College is pre-sold. An agreement with the existing home show holds a guarantee for use of the Association name. There are on-going discussions with city council regarding development cost charges. A major focus for the Association is to improve their relationship with City Council. The Christmas Party is sold out.

Ray Wynsouw presented the report for CHBA-Kelowna as included in the Board Package. Membership stands at 73, and projected membership is 80.

Greg Constable of CHBA-Nanaimo presented the report as included in the Board Package.

Gavin Parsons of CHBA-North Okanagan reported that membership is at 40. The local economy is doing well, with no shutdowns. The Association has put ads in the paper.

Allen Creuzot of Prince George HBA reported that membership stands at 87. The new Executive Officer is Sharon Slager. Allen reported that the Association has a new web page: www.pghba.net

Eric Gerits reported that CHBA-South Okanagan's membership is at 59. There is a stronger level of interest due to the upcoming changes to the industry. The Annual Fall Renovation Show was successful. Eric reported that communication channels are good among the interior locals. There is a lot of liaison and sharing of information.

Wayne Davis of CHBA-Victoria reported that housing starts are down: Owner builders are involved in about 90% of housing activity. Membership is steady at 125, with a goal of obtaining 15 new members.

15. Other Business

Ray Wynsouw thanked John Kenward for the information provided to him. Ray Wynsouw also thanked Jim Thomson as for providing great benefits to the Association.

Doris Penner and Keith Sashaw presented awards of appreciation to those who were not in attendance at the Awards Dinner.

Allan Askew commented that the process of nominations for the Georgie Awards would be beneficial. For example, a people's choice award. It was explained that this process will decrease the number of entries.

Jim Thomson reiterated the importance of making your views heard at a government level. The first step is to select a candidate at the local level, and make your voice be heard.

16. Adjournment to Annual General Meeting

The Board of Directors meeting adjourned to the Annual General Meeting at 1:00 PM

:hkj

M I N U T E S

1. Call to Order

The meeting was called to order by President Jim Thomson.

2. Adoption of Agenda

Jeff Loucks motioned and Eric Gerrits seconded to adopt the agenda.

3. Approval of Minutes of Last Meeting

Dave Metcalf motioned and Peter Schultze seconded to approve the minutes of the previous meeting.

4. Ratification of Executive and Board Actions

Wayne Davis motioned and Allen Creuzot seconded to ratify the actions of the Executive Committee and the Board of Directors. All were in favour. The motion was carried.

5. Review of Audited Financial Statements

Gary Senft motioned and Ray Wynsouw seconded to accept the audited financial statements. All were in favour. The motion was carried.

6. Appointment of Auditors

Jeff Loucks motioned and Greg Constable seconded to name the firm of Manning Jamison as auditors. All were in favour. The motion was carried.

7. Election of 1998/99 Board of Directors

CHBA-Chilliwack & District
CHBA-Cornox-Strathcona
CHBA-Cowichan Valley
Fraser Valley HBA
Greater Vancouver HBA
CHBA-Kamloops
CHBA-Kelowna
CHBA-Nanaimo
CHBA-North Okanagan
CHBA-Prince George
CHBA-South Okanagan
CHBA-Victoria
CHBA-Yukon

Jim Vroom
Tony Cruz
George Kelly
Balbir Raiwal
Dennis Woodward, Steve Kurrein, MJ Whitemarsh
Allan Askew, Harry Feather
Ray Wynsouw, Mike Ohman
Greg Constable
Gavin Parsons
Allen Creuzot, Bruce Siddall
Eric Gerrits
Wayne Davis, Herman Rebneris
Bob Lucas

Gary Senft motioned and Peter Schultze seconded to accept the slate of candidates for the Board of Directors. The slate as presented was elected.

8. Adjournment

The motion to adjourn was carried.

1998/99 BOARD OF DIRECTORS'
MEETING

*Hyatt Regency Hotel, Vancouver, BC
Saturday, November 7, 1998*

M I N U T E S

Mr Jim Thomson convened the meeting at 1:10 pm, and turned the meeting over to Mr Dave Metcalf, Immediate Past President and Chair of the Nominations Committee, to conduct the elections of the Executive Committee of the Association.

Mr. Metcalf noted that according to the Constitution and By-Laws of the Association, the current President automatically becomes Past President and the First Vice-President automatically becomes President. That being the case and both individuals involved being prepared to accept the positions. Mr. Metcalf declared Ms. Doris Penner as President of the Canadian Home Builders' Association of BC, and Mr. Jim Thomson as Immediate Past President.

Mr. Metcalf requested nominations for First Vice-President, and Mr. Doug Penzer was nominated. There being no other nominations, Mr. Metcalf declared Mr. Penzer as First Vice-President.

Mr. Metcalf requested nominations for Second Vice-President, and Mr. Gary Senft was nominated. There being no other nominations, Mr. Metcalf declared Mr. Senft as Second Vice-President.

Mr. Metcalf requested nominations for Secretary, and Mr. Jeff Loucks was nominated. There being no other nominations, Mr. Metcalf declared Mr. Loucks as Secretary.

Mr. Metcalf requested nominations for Treasurer. Mr. Rex Leonard was nominated. There being no other nominations, Mr. Metcalf declared Mr. Leonard as Treasurer.

The motion to approve the banking resolution as circulated, naming the Table Officers of Ms. Doris Penner, Mr. Doug Penzer, Mr. Gary Senft, Mr. Rex Leonard, Mr. Jeff Loucks, Mr. Jim Thomson, together with Keith Sashaw, Executive Vice-President, as signing officers, and requiring two signatures on every cheque was moved by Mr. Dave Metcalf and seconded by Mr. Peter Schultze. All were in favour. The motion was carried.

Ms. Doris Penner thanked Mr. Jim Thomson and stated that she is looking forward to working with a new Executive Committee.

Mr. Ray Wynsouw motioned and Mr. Peter Schultze second to adjourn the meeting.



Canadian
Home Builders'
Association

BRITISH COLUMBIA

MEMORANDUM

Date: December 18, 1998

To: Executive Committee

☐ Doris Penner

☐ Doug Penzer

☐ Gary Senft

☐ Jim Thomson

☐ Jeff Loucks

☐ Rex Leonard

☐ Peter Schultze

☐ Gavin Parsons

☐ Bob Switzer

From: Keith Sashaw

Subject: Executive Committee Meeting

Attached please find the minutes of the December 3rd, 1998 Executive Committee Meeting. Details of the next Executive Committee Meeting will be sent to you under separate cover.

Please feel free to contact me if you have any questions.

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Serving B.C.'s Residential Construction Industry



MEMBERSHIP
MAKES A
DIFFERENCE

Executive Committee Meeting

Thursday, December 3, 1998

10:00 am - 2:00 pm

CHBA-BC Offices

m i n u t e s

In Attendance:

Doris Penner
Doug Penzer
Rex Leonard
Bob Switzer
Keith Sashaw
Gary Senft

Teleconference:

Jim Thomson
Gavin Parsons
Peter Schultze

Recorder:

Harbinder Kainth Jassal

1. Welcome and Call to Order

Doris Penner welcomed everyone and called the meeting to order at 10:05 am.

2. Acceptance of Agenda

The agenda was accepted as presented.

3. a) Approval of Minutes of September 16th, 1998

Jim Thomson motioned and Gavin Parsons seconded to approve the minutes of September 16, 1998. All were in favour. The motion was carried.

b) Approval of Minutes of October 22nd, 1998

Jim Thomson motioned and Doug Penzer seconded to approve the minutes of October 22, 1998. All were in favour. The motion was carried.

4. Financial Statements / Treasurer's Report

Trusha Pandit reported on the financial statements as at October 31, 1998.

Historically, between September and January, the Association is under financial pressures, because of the Georgies and membership fees. There was a seasonal surge in cash because of timing: \$68,000 has been received from RCI, registrations from the Housing Issues Conference, and education and training courses.

It was reported that the Communications Strategy fund is \$6,000 in excess of contributions. As at October 31, 1998, the statements show a deficit of \$7,600.

Keith reported that TD Bank has stopped the referral fee from Greenlight, citing lack of business.

5. Government Liaison Committee

a) *Homeowners' Protection Office - Update & Submission*

Keith Sashaw gave an update of the activities of the HPO. A call for submissions to respond to the HPO's paper on Builder Licensing and Mandatory Warranty was received. A response from CHBA-BC has been drafted, with some comments received. One focus will be housing affordability. It was suggested that a report be commissioned on disposable income and personal debt and how that impacts housing affordability. Cooperation may be received by the Real Estate Board of Greater Vancouver.

There was some discussion regarding CHBA-BC's response. It was suggested that floating homes not be exempted. It was further recommended that anything that requires a building permit should be included.

It was also recommended to include a notice of title, since this sets a value and sets builder reputation.

It was agreed that owner builders should have to contribute to reconstruction fund and pay a license fee.

Keith noted that many members are writing letters of outrage.

It was considered to launch legal action, and it was recommended to write to Bob Kuhn and request a legal opinion. Rex Leonard noted to mention probate fees in Ontario in the letter to Bob Kuhn.

b) *Update on Ministerial Meetings*

Keith reported that in the past three weeks, CHBA-BC met with Jenny Kwan, Michael Farnworth, and Joy MacPhail.

It was noted that the relationship between CHBA-BC and Jenny Kwan is on its way to a semi-mended relationship. Many issues were discussed, and it was agreed that the meeting was an important one.

The meeting with Michael Farnworth was a good one, as the Minister is understanding of the concerns of the industry. He agreed with CHBA-BC on a number of points, and agreed with our policy relating to owner builders. It was mentioned that an infrastructure program was suggested by CHBA-BC, as well as a social marketing campaign to restore consumer confidence.

CHBA-BC met with Joy MacPhail and it was apparent that she was prepared for the meeting. It was noted that the Minister is prepared to take on issues with municipalities, and it was felt that she heard what the Association's concerns are. It was suggested by the Minister that CHBA-BC be invited to participate in a session with the Council of Economic Ministers.

It was unanimously recommended that CHBA-BC should push for housing to be included in the Employment and Investment ministry rather than Municipal Affairs, since housing is an important economic tool, generating jobs across the province. A letter will be sent to Michael Farnworth and Joy MacPhail.

6. Education and Training Committee

a) *Update on Activities*

Lisa Washbrook reported that all fall training courses have been delivered. There have been many phone calls regarding licensing requirements.

The Canadian Portland Cement Association hosted an Insulated Concrete Forms course last week. This session was very well received, attracting 56 people including exhibitors and sponsorship.

Joe Lstiburek will be holding a Special Technical Session on Leaky Condos on the Sunday after the Housing Technical Forum.

The Renovators Council is presenting its' 3rd module of the renovator program to be delivered on January 30th.

There have been mixed reviews regarding the mandatory-for-RHP Building Code Update course. It was suggested that CHBA-BC consider delivering the course.

b) Proposed HPO Course

Bob Kuhn has proposed to deliver a course on the Homeowner Protection Office to members and non-members. The course will be a two hour session regarding the new Act, professionalism in the industry, licensing, the reconstruction levy and mandatory warranty. This seminar will be delivered in Nanaimo, Victoria, Kamloops and Vancouver.

Doris Penner reported that there is an excellent relationship developing between BCIT and CHBA-BC. BCIT is discussing the possibilities of promoting CHBA-BC courses in their continuing education calendar as well as cross marketing opportunities. BCIT is also undergoing restructuring, as well as developing specialized technical components. There may be opportunities whereby BCIT may offer credit for RHP's to obtain their bachelors and/or masters degree in construction.

Regional delivery is being reviewed and considered, possibly in conjunction with other community colleges.
- co-sponsorship with other community colleges

Jim Thomson suggested meeting with WCB and following up with the Safety Training.

7. Technical Advisory Committee

a) Update on Activities

Doug Penzer reported that a submission had been made to NRCAN, regarding the R-2000 Program. The proposal and budget is being considered by National. The Association is seeking a long-term commitment from the federal government. It was noted that if we do not get the commitment, then we will not pursue delivery of the program.

It was also noted by Doug that after the review and submission to NRCAN, and depending on feedback, we would then decide whether we accept their terms of acceptance.

Keith provided an update regarding the Technical Coordinator from On-Site.

Doug expressed some concern about the Technical Advisory Committee. The committee focus seems to be dysfunctional and shows a lack of interest. The TAC needs concrete goals and objectives. What is it trying to achieve? There may be opportunities to jointly publish a technical newsletter with New Home Warranty.

It was noted that the TAC was most active when R-2000 was active.

The committee dynamics require a good mix of builders and technical experts, who can provide input and critique on various technical issues.

Keith suggested that the TAC must attract people to the committee. The TAC needs to focus on issues that will bring people to meetings and discuss the issue. What needs doing? It was suggested to send a notice to big developers and request that they share their concerns.

Bob Switzer noted that the multi-family developers regularly meet at New Home Warranty. It was further recommended that the participation be broadened and have CHBA-BC take over that committee. Doug Penzer and Keith Sashaw will ask to attend the next meeting.

8. Georgies

a) 1998 Georgie Awards

Keith Sashaw reported that there has been excellent feedback regarding the Georgie Awards. It was noted that the colour was poor because two projectors failed just before the show.

Gavin Parsons had a few comments to make:

- ▶ the meal was rushed
- ▶ it was hard to view the displays at the angle that they were at. The displays may be better seen if they were displayed on columns.
- ▶ It would be useful to state why the award was given. eg. Display or read the marketing statement. This would give the audience a reason why the entry won.
- ▶ has it become the housing promotion awards or the housing awards - there is too much marketing
- ▶ criteria based on square footage vs. price, and geographically, should be reviewed

Keith mentioned that the criteria is reviewed in January, and that the square footage vs. price has always been a concern. There has been a reduction in the number of marketing awards.

It was also noted that there is an absence of participation among small builders.

Doug Penzer expressed concern with the judging process. It was suggested that the audience needs to know why the entry was awarded. The judging criteria needs to be explained to the audience.

It was questioned why U.S. judges are chosen, since they don't know the Canadian market. It was explained that the judges are chosen for impartiality and their expertise. The judging system is based solely on points. It was recommended that Don Johnston or Gary Sharp from CHBA National be approached for judging the 1999 Georgies.

It was further recommended that the Executive Committee attend the Criteria meeting.

b) Silent Auction

The Silent Auction was successful, raising \$12,000. It was recommended to include this into the budget for next year. Apparently, some contributors assumed that proceeds from the auction were to go to a charity. It is unclear whether committee members had promoted this. However, there is merit in consideration of donating to something that we will get back, eg. Scholarship, bursary, RCI.

c) *1999 Georgie Awards*

Plans for the 1999 Georgie Awards are already underway, under the chairmanship of Doug Wilson.

9. *Membership / Benefits*

a) *BC Tel Mobility*

Keith Sashaw reported that BC Tel has ceased the 15% discount, although they will be offering a membership package. The TD Bank referral (Greenlight Financial Services) is also discontinued.

Membership is stable, with a slight increase.

10. *Correspondence*

a) *Association Awards Dinner - Ray Wynsouw's letter*

Keith explained that the July Board BBQ is a chance for Board families to get to know each other. If reimbursement is to occur, it should happen at the local level. It was mentioned that spousal costs are another line item. It was also pointed out that during the convention, cost is covered within the companion's package.

11. *Other Items*

a) *Housing Issues Conference*

The Housing Issues Conference was successful. Plans are underway for next year's conference. Issues of interest need to be identified. Topics already identified are builder liability, native land claims, and the HPO.

b) *Sawatsky Hospitality Suite / National Board Meetings*

Doug Penzer motioned and Peter Schultze seconded to nominate Ken Sawatsky for 1st Vice President of CHBA-National. All were in favour. The motion was carried.

The National Conference and Board Meetings will be held in Regina in February. CHBA-BC will host a hospitality suite in support of Ken's nomination. A campaign chair will need to be identified, as well as canvassing for sponsorship and donations. It was suggested that a memo be circulated to the Local Associations requesting financial support.

c) *Provincial Board Meetings / Calendar of Events*

In the past, CHBA-BC has held four board meetings per year. Because of the timing of 1998 Board Meetings, there will be 3 board meetings in 1999.

There will be a Board Meeting on March 5th (day before Housing Tech) in Surrey, July 1999, in either Whistler or Harrison Hot Springs, and October 1999 in Vancouver, (day of Georgies and Housing Issues Conference).

There are also plans to hold a "Government Liaison Day" in Victoria. This day will focus on lobbying and how to deal with government. That evening, CHBA-BC will host a MLA Reception. Invited industry

members will include the Island Associations, the Victoria Chamber of Commerce, GVHBA, and FVHBA, as well as all of our Board Members.

Gary Senft offered the use of his cabin in Cultus Lake for a meeting.

d) *Export Housing Council and Committees*

Keith noted that he had had a meeting with Wayne Stevens regarding the formation of an Export Housing Council, which will serve as an information gathering committee, similar to the ERC.

Keith also noted that there are some committees that CHBA-BC should be actively involved with, such as BERC and COCA.

The following people have agreed to serve on the following committees:

BERC -	Doug Penzer, alternate: Bob Switzer
COCA -	Gary Senft
Renovators' Council -	Bob Rasmus
National ERC -	Jim Thomson
National TRC -	Doug Penzer
NETAC -	Doris Penner

12. **Adjournment**

There being no other business, President Doris Penner adjourned the meeting at 1:40 pm.

:hkj



Canadian
Home Builders'
Association

BRITISH COLUMBIA

MEMORANDUM

Date: February 10, 1999

To: Executive Committee

☐ Doris Penner
☐ Doug Penzer
☐ Gary Senft

☐ Jim Thomson
☐ Rex Leonard
☐ Jeff Loucks

☐ Gavin Parsons
☐ Bob Switzer
☐ Peter Schultze

From: Keith Sashaw

Subject: Executive Committee Meeting Minutes

Please find attached minutes of the January 21, 1999 Executive Committee Meeting. Please advise Harbinder Kainth Jassal if there are any additions, deletions or corrections.

The next Executive Committee meeting will be held on Thursday, February 25, 1999 from 9:00 am to 1:00 pm at CHBA-BC offices.

An agenda and items for discussion will be sent prior to the meeting.

H.I.T.C. B.C.I.T. Campus
3700 Willingdon Ave.,
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e-mail: meminfo@chbabc.org



Serving B.C.'s Residential Construction Industry



MEMBERSHIP
MAKES A
DIFFERENCE

Executive Committee Meeting

Thursday, January 21, 1999

9:00 am - 12:00 pm

CHBA-BC Offices

M I N U T E S

In Attendance:

Doris Penner
Doug Penzer
Gary Senft
Bob Switzer
Jim Thomson

Keith Sashaw
Rex Leonard
Gary Senft
Jeff Loucks

Teleconference:

Gavin Parsons
Peter Schultze

Recorder:

Harbinder Kainth Jassal

1. Welcome and Call to Order

Doris Penner welcomed everyone and called the meeting to order at 9:30 am.

2. Acceptance of Agenda

It was noted that David Verge would be making a presentation to the Executive Committee after the report of the Financial Statements. Gary Senft moved and Peter Schultze seconded to accept the agenda.

3. a) Approval of Minutes of December 3, 1998

Doug Penzer moved and Jeff Loucks seconded to approve the minutes of December 3, 1998.

4. Financial Statements / Treasurer's Report

Keith Sashaw and Trusha Pandit reported on the financial statements.

Membership fees are in line, and as a matter of fact, membership seems to be holding and increasing in some Local Associations. It has been noted that the warranty providers should encourage membership in our Association.

The Housing Issues Conference resulted in a surplus of \$3,340. The Georgies resulted in a deficit of approximately \$500.

Jeff Loucks motioned and Bob Switzer seconded to accept the financial statements. All were in favour. The motion was carried.

5. David Verge - New Home Warranty

Keith Sashaw reported that the Homeowner Protection Act regulations were passed on a confidential basis yesterday. Some highlights include: single family units exempted from the reconstruction levy, the reconstruction fund to be levied only in coastal climates, and owner builders are exempt from the Act.

The implementation date for the new regulations is likely to be April 30th. Owner builders will require security as well as the possibility of having a notice placed on title.

David Verge added that the Financial Institutions Commission will regulate the warranty providers, however, the HPO will regulate the licensing and accreditation, and have authority to review specific aspects of warranty operations.

There will be specified warranty coverages for driveways, sidewalks, retaining walls, etc., which could add significantly to premiums.

It was suggested that CHBA-BC develop a response that identifies what we support and what we don't. At the time of the Minister's press conference, CHBA-BC should issue its' own press release.

David Verge also mentioned that the HPO is scheduling a meeting to discuss how the fees will be collected, since the municipalities do not want to collect the fees.

New Home Warranty will review the risk, geography, and past performance in determining . Current registered builders will be assessed whether they will be able to maintain their designation. May 1, 1999 is the date designated for all new materials

There is no doubt that premiums will be competitive.

As Keith mentioned, consumer confidence has been shaken. In our press release, we must comment on the rebuilding of consumer confidence, however, we do have concerns with some of the elements of the legislation.

6. Government Liaison Committee

a) Homeowners' Protection Office - Update

i) Reconstruction Fund-Legal Challenge

Correspondence was received from Adnan Habib of Baker Newby regarding the legal challenge of the reconstruction fund. The cost would be approximately \$5,000. It was noted that the issue will be resolved by retroactive legislation.

ii) Letter from Minister

A letter was received was from the Minister of Municipal Affairs and is self-explanatory.

iii) Letter from Ted Nebbeling

A letter was received from Ted Nebbeling, MLA, who is the new Housing Critic for the Liberal government. He will be in our offices on March 1st, and to discuss our concerns.

iv) Letter from Comox Valley Chamber of Commerce

There was no further discussion on this letter.

v) Federal Petition

The Condominium Home Owners' Association is issuing a federal petition to the federal government for people receiving relief. The government has no interest in adopting this position. The Urban Development Institute has been contacted, and it has been a nonissue with them.

Doris Penner and Keith Sashaw met with Alfonso Gagliano, Minister Responsible for CMHC.

There is a proposal from the BC Central Credit Union and the Canadian Bankers Association to amend the strata property act to allow strata corporations to take out mortgages. The provincial government is reviewing the proposal. It was agreed that the proposal would receive full support from the Executive Committee.

b) Update on Ministerial Meetings

Keith Sashaw and Doris Penner have met with a number of ministers over the past few weeks. A meeting was held with Jenny Kwan to receive confirmation of the homeowners' protection act regulations. Keith and Doris met with Moe Sihota over lunch in Victoria, and with Joy MacPhail. It was explained to both of

these ministers the significance of housing industry as an economic benefit. Both ministers were receptive. There may be an opportunity for CHBA-BC to meet with the Council of Economic Ministers.

Keith will be meeting with Ted Nebbeling on Thursday afternoon.

7. Education and Training Committee

a) Update on Activities

Delays in legislation forced the rescheduling of "The New Reality" seminars. Attendance is about 50 to 100 people per seminar. There is a lot of interest among non-members. There will be a 15 minute introduction of CHBA membership benefits, prior to Bob Kuhn's presentation. It was noted that Bob Kuhn is the foremost and most knowledgeable on the HPO.

The course calendar was released in January, and has not generated a lot of interest.

Housing Tech promotion has begun. A mailout has been sent to all membership. Housing Tech will be on March 6th, featuring Joe Lstiburek.

There have been two education and training committee meetings. One is an apprenticeship meeting and the other is a mega education and training meeting. All industry representatives have been invited to share what educational initiatives the association has undertaken. The intent is to develop a common industry response in relation to the HPO.

b) Letter from FVHBA regarding HPO Course

A letter was received from Fraser Valley HBA regarding "The New Reality" seminars, voicing their concerns as to why the seminars were hosted by the provincial office. A similar letter was received from Kelowna.

8. Technical Advisory Committee

a) Update on Activities

The first meeting of the year is scheduled for February 4th. An architect is giving a presentation on earthquake resistance.

It was reported that a candidate was interviewed through the On-Site Technical Assistance program, and has declined the offer. It is hoped that a Technical Representative will stimulate CHBA-BC's technical department.

b) R-2000 Program

There is no update on the R-2000 program.

Keith reported that User Friendly Homes is interested in establishing a relationship with CHBA-BC. A concern will be to structure this relationship to mitigate any financial exposure to CHBA-BC. Keith attended the opening of the demo project on SW Marine Drive. There may be opportunities for CHBA-BC to offer education and training programs.

9. Georgies

Keith Sashaw and Colleen Watts reported on the Georgie Awards.

There is concern with the financial results, as there is a deficit. This was due primarily to unforeseen production expenses and the television special. Although the revenues met the target, and in some cases exceeded the target, expenses are high. The Silent Auction generated \$11,000, and some specialty items were sponsored.

It was reported that there will be a closed bid proposal for the production of the 1999 Georgies. As well, specifications will be more comprehensive, and financial reporting will be corrected.

The production may have to be scaled back, but we must ensure to maintain the standards set of the Georgies.

It was mentioned that the idea of contracting the entire Georgie Program has been suggested, however, we risk losing control, input into the program as well as benefits from our volunteers.

a) *Georgie Management Committee*

The Georgie Management Committee has been selected by Chair Doug Wilson and Past Chair, Brian Tweed. Gary Senft will be the Executive representative.

There was some concern expressed at the non-members of the Committee.

b) *Letter from GVHBA Renovations Council*

This letter, as it suggests, may be alienating good renovator members.

c) *Date of 1999 Georgie Awards*

The date for the 1999 Georgie Awards is October 30th, which times well for the judging process and marketing.

It was noted that during the judging process, the judges should be notified of the cost of the project.

10. *Membership / Benefits*

a) *Update*

Colleen Watts reported that there will be another mailout in regards to ICBA.

It was reported that membership is stable in all locals.

There has also been discussion regarding a commissioned membership salesperson. Keith and Colleen will be attending the GVHBA membership committee to further review the concept.

b) *Membership Workshop*

Keith reported that NAHB holds a 2-day membership conference for Executive Officers and Board Members, and that CHBA-BC is planning a membership workshop, incorporating aspects of the conference. Potential dates are April 13th or April 22nd.

11. *Housing Issues Conference*

a) *Date*

The Housing Issues Conference will be held on October 29th, to coincide with the CHBA-BC Board Meetings and the Georgie Awards.

b) *CMHC Participation*

CMHC is very interested in working with our Housing Issues Conference. The partnership worked very well last year, and provided many opportunities for cross marketing.

c) *Organizing Committee*

Jeff Loucks, Bob Switzer and Peter Schultze all expressed interest in being on the Organizing Committee for the Conference.

12. Correspondence

a) *National Home Warranty*

i) *Contribution to RCI*

Doris Penner will write to National Home Warranty requesting clarification on their offer of \$15 per unit toward education and training.

CHBA-BC should set policy on how to deal with new warranty providers, providing terms of reference on support and endorsement. Jeff Loucks will submit his thoughts on this.

ii) *Request for Labels*

National Home Warranty will be contacted regarding the price of labels.

b) *Municipal Act-Local Government Accountability*

Keith will incorporate comments received into the response.

c) *COCA Funding*

The Council of Construction Associations is requesting an increase in contributions, but unfortunately CHBA-BC does not have the funding.

Gary Senft reported that he had attended the latest meeting of COCA. Apparently, there are 17,000 construction companies, and many of them are not affiliated with any membership association.

13. Other Items

a) *Sawatsky Hospitality Suite / National Board Meetings*

A hospitality suite for Ken Sawatsky's bid at National 1st Vice-President will be held at the Delta Regina Hotel on Monday, February 15, 1999 at 10:30 pm. Dave Metcalf is the Campaign Chair.

b) *Provincial Board Meetings / Calendar of Events*

The Provincial Board Meetings will be held in conjunction with Housing Tech in March. There will be three meetings in 1999.

c) *Government Liaison Day / Membership Workshop / CHBA-Victoria Dinner Meeting*

Government receptions (evening and luncheon) will be held in conjunction with the membership conference. Municipal representatives will also be invited since municipal elections will be held in November.

d) *Export Housing Council*

The Export Housing Council will be holding its inaugural meeting on February 23rd at CHBA-BC. Wayne Stevens is the chair. It was suggested that the CMHC or BCIT boardrooms may be available.

14. Adjournment

There being no other business, the meeting was adjourned at 12:30 pm. Agenda items to be included on next month's agenda are: construction safety video and RCI initiatives in regards to the HPO.

:hkj

m i n u t e s

In Attendance: Doris Penner
Doug Penzer
Keith Sashaw
Rex Leonard
Bob Switzer .

Teleconference: Gary Senft
Gavin Parsons
Recorder: Harbinder Kainth Jassal

1. Welcome and Call to Order

President Doris Penner welcomed everyone and called the meeting to order at 9:20 am.

2. Acceptance of Agenda

D. Penner added two items to the agenda under Other Items: RCI Initiatives and Construction Safety Video.

Doug Penzer motioned and Gavin Parsons seconded to accept the agenda.

3. Approval of Minutes of January 21, 1999

Bob Switzer motioned and Gavin Parsons seconded to approve the minutes of the January 21, 1999 Executive Committee Meeting. All were in favour. The motion was carried.

4. Financial Statements / Treasurer's Report

Rex Leonard reported on Financial Statements of December 31, 1998. The balance sheet is similar to last year's. Receivables are higher, in regards to the timing of RCI payments. It was noted that \$85,000 was received after the statements had been prepared.

The association is experiencing extreme cash flows, and as a result, some cheques were held.

There has been a commitment from NHW to stand by commitments to RCI. However, this is not a high priority for New Home Warranty at this time. This will be a challenge, because we have about a 2-year reserve for activities of CHBA-BC.

Membership is strong and is growing, and the association is confident that \$200,000 is a realizable amount. There has been a \$20 increase at membership dues.

There will be no further invoices forthcoming on the 1998 Georgie Awards.

It was also noted that there will be some surplus resulting from the seminars regarding homeowner protection legislation.

5. Government Liaison Committee

a) *Homeowners' Protection Office - Update*

Keith Sashaw reported that the HPO has produced application forms. It was noted that one of the priorities for the HPO is getting the warranty providers in place. The HPO is also eager to implement a renovation warranty.

Bob Switzer motioned and Doug Penzer seconded that Doris Penner sits on the HPO Advisory Council as the CHBA-BC representative. All were in favour. The motion was carried.

It was suggested that an Alternate representative be named. Keith commented that this issue will be discussed with the HPO.

The issue of naming director nominees was raised in regards to letter received from Mr. Bob Harris. Concern was expressed that in a partnership, one partner may be exposed to legal action.

It was also noted that the legislation requires clarification regarding the definition of a "major system". This definition may define what is included in the workmanship and materials warranty. Keith will write to Shayne Ramsay regarding a proper definition. It was suggested that the distribution system be the defining factor.

b) *DRAFT memo - re: licensing of renovators*

The HPO's next priority to develop a renovation licensing and warranty program. The challenge lies as to what define a renovation and what exactly should be warranted.

It was suggested that we approach the HPO in a phased approach regarding a reparation warranty. CHBA-BC should deal exclusively with building envelope repairs first, and then deal with whole house approach such as structural, sidings, decks, etc.

It was also suggested that we should set a specific amount, and address only multi-family dwellings right now.

It was noted that the issue of the underground economy has not yet been addressed.

It was suggested that CHBA-BC should produce posters promoting the non use of scrupulous builders.

Gary Senft motioned and Bob Switzer seconded that the draft memorandum should be amended to further define building envelopes only and specify to deal with multi-family units between \$50,000 and \$100,000 per project.

c) *Meeting with Ted Nebbeling - March 1st*

Keith Sashaw reported that Ted Nebbeling will be visiting the CHBA-BC office on Monday, March 1st at 1:00 pm. Mr. Nebbeling is the Liberal Party Critic for Municipal Affairs and would like to speak to people in the industry.

Doris Penner, Bob Switzer and Doug Penzer indicated that they would be available for the meeting. Peter Simpson will be contacted regarding his availability.

6. Education and Training Committee

a) *Update on Activities*

It was reported that the HPO seminars were successful. Bob Kuhn produced a booklet, and we can sell the booklets.

There are about 60 registrations for Housing Tech. There has been some interest in the Joe Lstiburek Sunday session.

An apprenticeship subcommittee has been struck. Kevin Fletcher is doing an excellent job representing trades.

The Housing Industry Training Council received a positive response from everyone who attended. The HITC was formed to pre-empt the HPO that the industry is able to educate itself.

The Fall delivery schedule was successful, but many potential registrants have a "wait and see" attitude. The Spring delivery schedule is not a positive one.

Bob Switzer stated that we should encourage more of the industry to provide their own trade associations. The Housing Industry Training Council should move forward and act as a coordinated unit.

There have been discussions regarding the linkages of the Certified Renovator Program with the Certified Builder program.

It was also suggested that CHBA-BC offer another seminar on licensing regulations and warranty given the demand.

7. Technical Advisory Committee

a) *Update on Activities*

Doug Penzer offered congratulations to Neil Ziola as Chair of the National Technical Research Committee.

At the last meeting, an architect gave a presentation on earthquake resistance in the coastal climate.

b) *Transfer of NHWP Multi-Family Building Technical Committee*

It was reported that through discussions with New Home Warranty, that the CHBA-BC TAC would merge with NHW's Multi-Family TAC. It was discovered that there was duplication of activities in within the separate activities.

This bigger TAC will provide opportunities and a forum to discuss issues of a technical nature. It also offers an opportunity to speak with a bigger voice, and hold a greater commitment to making things works.

The first meeting will be scheduled by Doug Penzer. It was agreed that Doug Penzer, Bob Switzer and Keith Sashaw will meet to discuss details.

c) *R-2000*

Doug Penzer reported that the proposal was presented to NRCAN at the Regina Conference. The proposal is based that NRCAN will donate \$80,000 and CHBA-National give us \$20,000. The committee is awaiting a response from NRCAN.

There is no update on the On-Site Technical Assistance Program.

8. Georgies

a) *Update on Activities*

Keith Sashaw reported that Doug Wilson is doing an excellent job as Chair.

It was noted that the Georgie Management Committee is very concerned about the financial reporting, and realizes that a review needs to be taken, given what is happening in the industry.

There is a closed call for proposals with Peter Mayer and Van Keken. There was concern expressed that we can't afford last year's show, however, we don't want to lose the quality.

Van Keken did an excellent presentation, which reflected 25% less production costs. Peter Mayer will present his proposal this afternoon.

The Sponsorship committee is approaching a number of professional fundraisers. It was agreed that to sell advertising in the Call for Entries would cause little financial exposure to CHBA-BC.

Doug Wilson has submitted a budget, which will be circulated to Executive. It was suggested that the budget be formally set in the agenda.

It would be worthwhile for the Executive to review the production contract and to finalize the budget. It would be helpful if a comparison chart was drawn, showing actual figures from 1997 and 1998.

It was noted that we may not receive many entries this year, due to the dismal economy. Gary Senft noted that if home shows are making over \$50,000, the Georgies should be able to generate \$20,000-\$30,000.

Doug Penzer motioned and Bob Switzer seconded to:

1. *Immediately develop policy and procedures for the Georgie Awards and Georgie Committees*
2. *To have the various subcommittees report all final developed decisions (ie. Policies, budgets, criteria, promotion, judging, etc.) to Provincial Executive for approval prior to implementation.*

Doug realizes the time constraints, but concerned that the Association may find itself in deeper financial debt.

Bob Switzer commented that the motion will allow us to review our procedures.

Rex Leonard commented that with the amount of dollars involved and with our cash position, a financial hit could be detrimental to the Association.

Keith Sashaw commented that the recommendations to the Executive will be delayed for approval. The role of the subcommittees will take more time, thus resulting in further delays.

It was agreed that the Executive would meet on Thursday, March 4th at 4:00 to discuss the Georgie Awards.

Doris Penner questioned why the Call for Entries had to be distributed in April. It was also noted that it's not a good idea to put off the Sales and Marketing Council, since many of them are the ones preparing the entries.

It was agreed that everything would be put on hold until Thursday.

The motion was tabled until Thursday's meeting.

9. Membership / Benefits

a) Update

Keith Sashaw and Colleen Watts met with George Crowhurst and the GVHBA Membership Committee to discuss the concept of a commissioned salesperson.

There is interest generating in Salmon Arm, and a possible contact has been identified in Invermere.

A mail out regarding the ICBA Benefits Plan will be sent to the membership next week.

10. Housing Issues Conference

a) Update on Activities

Planning is underway for the Housing Issues Conference to be held on October 29th. Keith noted that the Export Housing meeting generated many good ideas for the Conference. Potential speakers will be identified. It was suggested that Rob MacIntosh be considered as a speaker to discuss global warming and the Kyoto Conference.

Bob Switzer, Peter Schultze and Jeff Loucks have indicated that they would like to part of the Committee. A meeting will be scheduled in a few weeks.

11. Correspondence

a) Invitation to RoofTech '99

An invitation to Rooftech '99 was extended to all Executive members.

b) Letter from April Sanders

A letter from April Sanders, Chair of the Liberal Caucus, sent a letter to CHBA-BC regarding continuing communication with CHBA-BC.

12. Other Items

a) Sawatsky Hospitality Suite / National Board Meetings - Update

Keith Sashaw questioned whether CHBA-BC was still considering hosting the 2002 Convention. Doris Penner supports the conference in Newfoundland. There was some concern over staffing from CHBA-Victoria. It was recommended that we withdraw our bid for 2002 and resubmit to host for 2003.

The hosting association would be CHBA-BC. Dave Metcalf has offered to be the Chair. There is a financial profit for the host association. Our role at the Conference is at the Advisory Level, while Lynda Barrett organizes the conference details.

Keith will look into availability at the Victoria Conference Centre for 2003.

There was discussion regarding GVHBA's resolution regarding the financing of membership dues. It was suggested that we further pursue this at the provincial level.

b) Provincial Board Meetings / Calendar of Events

The Board Meeting will be held on March 5th at the Sheraton Guildford. Local Association Presidents and Executive Officers will meet on Thursday night at 6:00 pm.

c) Government Liaison Day / Membership Workshop / CHBA-Victoria Dinner Meeting

Keith reported that plans are underway to hold a government lobbying day in Victoria, followed by a reception for the NDP caucus. The following day will feature a membership workshop, followed by a luncheon for the Liberal caucus.

It is important to get as many local associations as possible to attend.

d) *Export Housing Council*

Keith reported that the inaugural meeting of the Export Housing Council was an excellent meeting, raising many issues and concerns. Provincial agencies will provide CHBA-BC with a summary, and we will condense all of the reports into one document.

The next meeting will be held in about three to four months.

d) *Construction Safety Video*

There is nothing to report.

e) *RCI Initiatives*

This issue will be deferred to the next meeting.

f) *Excel Proposal*

Keith Sashaw explained that Ray Wynsouw presented him with a multi level marketing opportunity regarding long distance telephone rates called Excel Fast Track.

It was mentioned that BC Tel had offered a long-distance phone plan about four years ago, and the membership at that time was not interested.

It was agreed that the proposal would be further reviewed.

g) *Update on User Friendly Homes*

Rex Leonard provided a summary of the meeting.

Patrick Simpson is building a home on SW Marine Drive, utilizing user-friendly, accessible features, with funding from BC Housing Management Commission (\$25,000) and from the Real Estate Foundation and Millennium Fund.

For the first year, the home would be used for educational purposes. CHBA-BC would handle the administrative functions, such as the financial accounting. CHBA-BC would in return receive a 10% fee.

Doug Penzer expressed concern whether there are any potential problems with promoting the program. A question to ask is why CMHC is not involved, and maybe we are alienating CMHC. It was pointed out that our logo will be used for credibility, and we must ensure that whatever we put our name on, that the venture is one that we want to be associated with.

Gary Senft raised the issue of the thin edge of the wedge, eg. If we make all homes accessible, then costs will be increased, thus hurting housing affordability.

Doris Penner expressed concern over endorsing such a high-priced home.

It was recommended that we seek Bob Kuhn's legal opinion.

13. *Adjournment*

There being no other business, the meeting was adjourned at 11:53 am.



Canadian
Home Builders'
Association

BRITISH COLUMBIA

MEMORANDUM

Date: April 6, 1999

To: Board of Directors
Executive Committee
Local Association Executive Officers
Local Association Presidents
Bob Kuhn, Association Solicitor
Committee Chairs
- Doug Wilson, Georgie Management Committee
- Bob Rasmus, Renovations Council
- Leigh Grelish, Education & Training
CHBA-BC Staff

From: Keith Sashaw

Subject: March Board of Directors Meeting Minutes

Please find attached minutes of the March 5, 1999 Board of Directors Meeting held in Surrey. Please advise Harbinder if there are any corrections to be made to the minutes. Also attached is the Treasurer's Report.

An emergency Board Meeting is scheduled on April 20, 1999 at the Coast Harbourside Hotel in Victoria from 1:00 to 5:00 pm to discuss concerns regarding New Home Warranty. Also being held that night is the Industry Reception from 6:30 to 8:30 pm. On April 21st, a membership recruitment workshop and a luncheon will be held.

Please advise Harbinder of your attendance as soon as possible.

I look forward to seeing you in Victoria.

Sincerely,

Keith Sashaw
Executive Vice-President
& Chief Operating Officer

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BRITISH COLUMBIA

March 5th, 1999 Board of Directors Meeting MINUTES

1. Welcome and Introductions

President Doris Penner welcomed everyone at 9:05 am. Introductions were done around the table.

2. Adoption of agenda

President Doris Penner added a few items under the Government Liaison Report. Local Association reports will also be presented after the Government Liaison Report. Peter Schultze motioned and George Kelly seconded to adopt the agenda, as amended.

3. Approval of Minutes of November Board Meeting

Peter Schultze motioned and Ray Wynsouw seconded to approve the minutes of the November 7th, 1998 Board Meeting.

4. President's Report

President Doris Penner reported that the President's Report was included with the Board Package. The biggest challenge is the many government regulations and fees that are placed on the residential construction industry. President Penner reported that she is enjoying the hospitality of the membership around the province during her presidential visits. It is also exciting to have excellent representation from BC at the National level.

5. Government Liaison Report

Keith Sashaw reported that all regulations are in place at the Homeowner Protection Office. Implementation will take place May 1st. The HPO views CHBA-BC as a major representative of the housing industry. Concern was raised with the Minister regarding the tight timelines.

Application forms for the HPO have been circulated. CHBA-BC has had input into the owner-builder form. The registrar is committed to pursuing and dealing with those who operate outside the legislation.

Warranty providers have not been approved yet. It is likely that there will be three major warranty providers: New Home Warranty of BC, National Home Warranty, and Willis Corroon Melling Ltd.

The HPO is currently working on a renovation warranty. CHBA-BC would like to proceed with the renovations warranty in a staged approach, dealing first with the reparation of condos, and secondly, setting educational requirements for building envelope specialists. The third stage would deal with non-structural repairs.

Doris Penner has been named to sit as a representative on the HPO Advisory Committee. The Advisory Committee will deal with technical issues and issues of reporting. It is imperative that CHBA-BC is well-coordinated for the meetings.

It was noted that some local associations do not wish to be referred by the HPO to distribute information to non-members because of the lack of resources. Those that do wish to be a point of contact are Cowichan Valley and Kelowna. It was the intention to distribute application forms with membership kits to non-members to encourage membership, however, the question remains as to whether we want to accept some of these people.

It was noted that the HPO does not see itself as a deliverer of courses, rather, it would serve more of an advisory role.

Bob Switzer mentioned that CHBA-BC cannot be perceived as closed shop. Wayne Davis commented that the application form specifies membership in an association.

It was also noted that there is a low bar set right now for standards, but is intended to be raised. Keith Sashaw reported that Bob Maling, Registrar for the HPO, recently sent an e-mail regarding the availability of certified trades. An answer to the HPO was required by today, but it was agreed that clarification of trades was needed. It was of concern who was asking these types of questions. It was agreed that CHBA-BC answer on behalf of the local associations. At the present time, there is an adequate supply of trades, but uncertain at medium and short terms. It was questioned whether there was any liaison between the HPO and municipalities. There is a high degree of frustration with the offloading of provincial duties onto the municipalities.

6. Housing Issues Conference

The 1998 Housing Issues Conference was a successful one, and the 1999 event will be held in the same format on October 29th, 1999. There has been a verbal commitment of cooperation from CMHC. There will be an Association Awards Dinner following the Conference.

There are a number of provocative issues that may be presented at the Conference. CHBA-BC hopes to promote consistency within the province regarding housing policy.

7. Government Day

A series of government functions have been scheduled in Victoria on April 20th and 21st. The NDP Reception will be held in the evening of April 20th and the Liberal Luncheon will be held on April 21st. As well, a government lobbying session will be held prior the reception on the 20th.

It was reminded that there are only three board meetings this year, so it is hoped that there is attendance from as many locals as possible. If there are interested members wishing to attend the government events, please forward their names to Harbinder. These events are not restricted to the Board.

A membership recruitment and retention workshop will be held on the morning of April 21st.

8. CMHC letter

CHBA-Kamloops has written a letter to CMHC regarding the increasing lack of representation in the region. The current representative has not been replaced, rather, an existing representative has had the region added to her role. This is of concern, as the day to day support is not there.

Peter Schultze motioned and Harry Feather seconded that CHBA-BC sends a strongly-worded letter outlining these concerns to Jim Lynch. All were in favour. The motion was carried.

It was explained that CMHC is downsizing, and unfortunately, this means a cut in representation and services.

It was also raised among a number of local associations that the Bank of Montreal is not interested in membership opportunities.

9. Local Association Reports

Wayne Davis of CHBA-Victoria reported that the local has published new membership application forms. Membership currently stands at 134. The home show had lower attendance, but a greater number of booths.

Harry Feather of CHBA-Kamloops reported that membership is at 99. The Christmas Party was a sold out event with 372 tickets sold. Harry reported that the local enjoys a good working relationship with the city.

Greg Constable of CHBA-Nanaimo reported that the association has gained strong membership of 83 members. Greg expects that membership will increase to 95. The new legislation is one of the big reasons of the surge in membership. CHBA-Nanaimo is currently working on a Parade of Homes, an Enviro-Home built by students, and a cooperative venture between builder members building a subdivision.

Allan Askew of Prince George HBA reported that membership is at 86 members. Membership dues are being restructured. The Home Show, the second largest in BC is being held April 24-25, is 80% sold-out. There has been considerable interest regarding CRB designations. A refinancing plan for the building is in progress.

Dennis Woodward of Greater Vancouver Home Builders' Association explained that the 25th Anniversary of GVHBA will be held on May 29th. Membership stands at 286. The Home Show was successful, featuring some unique concepts, such as a concrete home. Revenues were approximately the same as last year, even though the show was five days instead of 10 days. A focus of the Association this year is membership and a membership recruiter is being sought. The licensing and regulations provide a good market opportunity for membership. GVHBA was pleased to announce that it has set aside one year's operating expenses as of the fiscal year. Plans are underway for a high-end Development Tour to cater to about 45 people from the US and other parts of Canada.

Balbir Raiwal reported Fraser Valley Home Builders' Association is at 59 members. The membership directory has been printed, and a new application form was added. FVHBA is involved in overseeing a \$3.5 million-budgeted project in Abbotsford. The annual dinner and dance has been scheduled for April 10th at the Rancho Restaurant. The Golf Tournament has been scheduled for May 13th, and the Showcase of Homes will also be held in May. Adnan Habib is teaching the Construction Law course.

George Kelly of CHBA-Cowichan Valley explained that the Association is struggling with 36 members. There were no building permits issued in February. The Home Show was canceled due to lack of sold booth space. This will have a significant impact on the Association, as the Home Show is the major fundraiser. A major highlight was that 156 people attended the Crystal Ball Evening.

Tony Cruz of CHBA-Comox-Strathcona explained that the downturn in the economy has resulted in 32 members, however, there has been a good response from the community. Andrea Wagemaker has been hired as the Executive Officer. Les Lengyel has been named the new President. Annual fees were lowered. The Crystal Ball evening was a successful one.

Lenka Walker of CHBA-Chilliwack & District reported that Al Van Tongeren was named President. Membership stands at 48 members. Lenka commented that Shayne Ramsay spoke at the last meeting, and the Association gained five new members from that meeting.

Jocelyn Heading of CHBA-North Okanagan reported that there are 48 members, with four pending. The Home Show will be held April 9-11, 1999. The membership directory is in the process of being printed. It was noted that the hammer mascot received positive coverage. The Association is also working on a children's street of dreams and working toward a trust fund for a member whose son has suffered an accident.

Ray Wynsouw of CHBA-Kelowna reported that membership is at 86 members. The Association is looking into many public/private partnerships. All of the local committees have been tied together through the marketing help of Bryan Shrake. An outline of the Association's strategies has been produced. There has been excellent community liaison taking place. A part-time person has been hired to assist in the office. The Home Show is selling out, with a "win a \$10,000 bathroom renovation" contest. The general dinner meetings are seeing a continued increase.

Eric Gerrits of CHBA-South Okanagan reported that membership is at 60, and is increasing. Sales for booth space at the Home Show are going well. Eric welcomed suggestions to further enhance the home show. The membership directory has been published. Three building permits were issued in January.

Keith Sashaw reported that the newest local association - CHBA-Shuswap - is holding its inaugural meeting on Thursday, March 25th. Keith, Brian Tweed and Leslie Brochu made a presentation to about 60 interested people. 12 people attended a lunch. Les Shuert, Past President of CHBA-Vernon, is actively involved.

Doris Penner will also be visiting interested potential members in Invermere to see what opportunities may exist.

10. Housing Awards

a) Georgie Awards

A report was submitted in the Board Package. Doug Wilson is the Chair of the Georgie Management Committee. Many initiatives are in place to maintain the standards and quality of previous years. The 1999 Georgies are scheduled for October 30th. The 1998 Georgie Financial statements show a deficit, because expenses were higher than expected. The criterion has been reviewed for the 1999 Georgies, and the Call for Entries will be available by the middle April.

A professional fundraiser has been selected to mitigate the financial exposure to CHBA-BC. A judging overview has been included in the Board Package. Currently, there are two proposals being considered for the production of the Awards. It is expected that there will be significant reductions in number of entries and tickets this year, and this has been budgeting accordingly.

Steve Kurrein questioned whether a budget/finance committee was involved with the financial aspect of the Georgies. It was reported that the Georgie Management Committee is responsible for monitoring the budget. It was recommended to include an itemized breakdown of Georgie expenses with the Board Minutes.

Doris Penner stated that the Executive committee shares the concerns regarding the financial aspects of the Georgies, and noted that certain policies and procedures are being reexamined. It was commented that the finalized criteria for the Georgies are sent to the CARE Awards and the Okanagan Housing Awards.

Eric Gerrits raised concern over the breakdown of categories, and some of the criteria. Currently, the criterion is based on square footage vs. price. The request for a slide of the streetscape does not adequately represent the home in the Okanagan, since a neighbouring home may be miles away. One other concern was the lack of viewing ability in the gallery at the Awards, and the lack of the marketing statement beside the photograph.

Dennis Woodward raised the concern of non-members winning a Georgie and reaping the benefits of winning and other advantages.

Keith Sashaw explained that last year, a two tiered level of fees was introduced for members and non-members. Keith also explained that a Georgie represents industry recognition, not just member recognition.

Wayne Davis explained that the spread for the CARE Awards fee is double for non-members. Peter Schultze commented that the prestige of winning is worth much more.

Steve Kurrein motioned that the fee differentials between a member and non-member be a minimum of \$100.

It was noted that fees cannot be lowered for members.

Rex Leonard also commented that the expectation is that there will be a significant reduction in call for entries this year, and that changing the fees may be a financial risk.

Tony Cruz explained that some members in the association make it happen and others coast along, and no matter what is done, this is always balanced off.

Greg Constable suggested increasing the fee by 75% this year, and 100% the following year.

Eric Gerrits noted that the cost of putting an entry together is approximately \$1000, but the rewards and the awareness achieved are immeasurable.

Dennis Woodward pointed out that winning a Georgie is probably the cheapest form of advertising.

Mike Ohman suggested changing the differential to 100% rather than \$100. This will increase the opportunity to increase revenues.

Keith Sashaw commented that given the fact that we are at the lowest construction activity since 1948, this year may not be the best year to increase the fees.

Eric Gerits questioned how many of the entries were from members, and how many from non-members.

Marilyn Lee commented that often there are a greater number of entries from a fewer number of companies because these are the people who understand the importance of winning awards. President Doris Penner adjourned for lunch at 12:30 pm and reconvened at 1:00 pm.

Discussion continued on the Georgie Awards.

Doris Penner noted that she supports the motion in principle.

Bob Switzer made an amendment to the motion, that the fee difference between member and non-member is rebated in the event that the member makes application to be a member 60 days from the close of entries, and 90 days from being accepted into membership and that the fee difference be \$100.

All were in favour of the amendment. The motion was carried.

All were in favour of the main motion. The motion was carried.

b) Care Awards

Marilyn Lee reported that the Call for Entries will be mailed next week. A seminar on how to prepare the entries will be held in Nanaimo.

The judging process has been published in the community paper as a supplement to promote the integrity of the awards.

It was also mentioned that there has been a profit every year since moving the awards to a smaller scale event.

c) Okanagan Housing Awards

Mike Ohman reported that the Okanagan Housing Awards has expanded to the Thompson/Okanagan Housing Awards to include the Thompson region.

Peter Mayer was flown into Kelowna to provide the committee with ideas and information on how to make a show bigger and better. This year will feature entertainment at the show. The call for entries, as well as entry forms, is available on the website. The Awards will be held on September 17th.

11. Education and Training

Leigh Grelish reported that there were over 600 participants in the HPO seminars led by Bob Kuhn. This also served as an excellent opportunity for recruiting members. Housing Tech '99 will be held tomorrow (March 6th) at the Sheraton Guildford Hotel. 10 booths have been sold, with BC Gas and New Home Warranty as major sponsors.

Leigh reported that discussions regarding membership are on-going. A survey will be sent to local associations.

In taking a leadership role, CHBA-BC held a mega-meeting with other association to take an inventory of education and training initiatives.

It was reported that there is much interest in the CRB syllabus and guide, however, many are waiting to see what the outcome and requirements of licensing will be.

The GVHBA Renovation Council has developed a third module for the Renovator's Program for delivery in March 1999. Course information has been included in the Spring Schedule. There are many definitional requirements yet to be clarified.

The apprenticeship survey is being developed by Kevin Fletcher, and he is expecting 300 responses. A supply of surveys will be sent to each local association, and it is hoped that the surveys will be passed to about five carpenters from each company. The survey is approximately 10 pages, and hopefully, responses will be returned in two weeks' time.

There are concerns with registrations at Housing Tech. The Board meeting was purposely scheduled to coincide with Housing Tech to allow Board Members to participate.

Bob Switzer suggested that it may be worthwhile to advertise to up-and-coming builders at BCIT and other colleges.

12. Membership and Benefits

Keith Sashaw reported that the ICBA Construction Industry Benefit Plan is an excellent benefits package for hourly paid employees. Currently, 14 companies are taking advantage of the package.

The CHBA-BC website is generating 28,000 hits per month, and the most requested site is the membership search. The Georgie Awards page was one of the top five most visited pages in November and December

13. Membership Workshop

A membership workshop to brainstorm and develop new strategies in recruitment and retention will be held in Victoria on April 21st. All local association executive officers and directors are encouraged to attend.

Kevin Tomlin questioned whether the HPO would give CHBA-BC members a discounted fee. Keith replied that this probably won't be implemented immediately, however, when the HPO realizes that membership is a societal benefit, the discount may occur. The HPO has been informed of this. Our focus will be to increase credibility of our association and work as industry partners.

Ray Wynsouw expressed concern that the website does not reflect canceled members.

Marilyn Lee commented that membership reporting is an issue, and suggested that a sub-committee be established to deal with fiscal challenges. It is important for the local associations to consult with the provincial association prior to the Board meeting to ensure that membership information is accurate.

It was agreed that the sub-committee would consist of Marilyn Lee, Keith Sashaw, Rhonda Williams and Peter Simpson, and the meeting would take place in Victoria.

14. Technical Advisory Committee Report

Doug Penzer reported on the activities of the Technical Advisory Committee. Don Hazleden of the Building Envelope Research Council made a presentation at the last meeting. Bob Switzer commented that the CMHC Best Practices Guide is only a guide. CMHC also posts weekly technical updates on their website.

15. Executive Officer's Council

a) *Provincial*

Chair Tricia Preston explained that the EO Council is an information sharing and gathering group. Future activities include an operations manual for Executive Officers, which will be especially useful for the newer EO's.

Greg Constable motioned and Doug Penzer seconded that concerns and/or recommendations brought forward by the EOC be recommended for consideration rather than a report to the Executive Committee Meeting prior to the Board Meeting.

Marilyn Lee commented that as many decisions are entertained, some of the administrative duties that consume time may be overlooked. It was also agreed to hold a teleconference one week prior to the Board Meeting.

All were in favour. The motion was carried.

b) *National*

Bud Saunders reported that he is the Chair of the National Executive Officers' Council. This council is committed to improving the credibility and efficiency of executive officers. The council also serves as a facilitator for the exchange of information.

The EOC Workshop will be held in November in Toronto.

Bud has appointed Jocelyn Heading to the EOC-National.

Ray Wynsouw questioned whether the EOC workshop and the National Conference would be considered to be put on together to save on travel cost. Bud answered that this topic is on the agenda.

16. Treasurer's Report

Rex Leonard reported on the unaudited statements as of December 31, 1998.

Rex highlighted the strain on liquidity due to receivables, as well as the issue of timing, which is related to RCI and membership dues.

The statement of revenues and expenses shows a budgeted surplus of \$28,550 versus the actual deficit of \$225 in the Georgie Awards. The previous year's surplus was \$32,____

The Education and Training for the Fall calendar resulted in a surplus of \$8,356.

Although total revenues are down, expenses are well managed as per budget.

The detailed schedules show a surplus of \$3,340 for the Housing Issues Conference.

It was explained that the revenue was higher than prior year's for Georgies, but expenses were exceedingly high as well.

Rex explained that the RCI grant of \$88,500 was received in February, and the line of credit and payables were paid off in February.

Keith explained that the Georgies ran over-budget because production of the show resulted in higher expenses, and the Georgie TV special was an expense of \$15,000.

It was questioned why the judging costs were higher than the previous year. It was explained that Peter Mayer was paid in American funds. It was also questioned why Canadian judges are not used. It was explained that Peter Mayer brings tremendous value in the integrity and credibility of the awards. There is an attempt to get out-of-BC judges, but because the judges are volunteers who pay their own transportation costs, it is often difficult.

As well, the architectural style of BC homes is most similar to those in Washington, California and Oregon, and the judges are more familiar with the entries.

Peter Schultze motioned and Herman Rebneris seconded to accept the financial statements. All were in favour. The motion was carried.

17. New Home Warranty

There was no report on New Home Warranty.

Wayne Davis questioned whether the Association has ever considered selling the warranty company due to the liability exposure and low return.

It was answered that this concept was seriously considered, and that the advantage is that New Home Warranty hold a nonprofit status, and also, its' value is listed below its' actual value. Opinions were sought from legal solicitors.

Ray Wynsouw questioned whether the RCI grant from New Home Warranty will continue, and whether we should be investigating other revenue options.

Doris Penner stated that at this time, New Home Warranty is trying to figure out where the risk is, and wait for actual statements. We are confident that New Home Warranty will contribute to RCI. The potential to obtain funds from HPO is available. It was noted that warranty companies are going to look for ways to reduce claims.

In the event that the grant is unavailable, CHBA-BC has two years' operating expenses.

18. Other Business

Eric Gerrits reported that Tradewind Developments (an ex-member) is using the Association logo, again. It was suggested to alert New Home Warranty of the misuse of their logo.

19. Adjournment

There being no other business, President Doris Penner adjourned the meeting at 2:29 pm.

:hkj



March Board Meeting - Attendance

Executive Committee

Doris Penner
Doug Penzer
Rex Leonard
Peter Schultze
Bob Switzer

CHBA-Chilliwack & District

Lenka Walker

CHBA-Comox-Strathcona

Tony Cruz

CHBA-Cowichan Valley

Bob Howell
George Kelly

Fraser Valley HBA

Balbir Raiwal
Bud Saunders

Greater Vancouver HBA

Leigh Grelish
Steve Kurrein
Dennis Woodward

CHBA-Kamloops

Harry Feather

CHBA-Kelowna

Linda Phillips
Mike Ohman
Ray Wynsouw

CHBA-Nanaimo

Greg Constable
Tricia Preston

CHBA-North Okanagan

Jocelyn Heading

Prince George HBA

Allen Creuzot
Bruce Siddall
Sharon Slager

CHBA-South Okanagan

Eric Gerrits
Kevin Tomlin

CHBA-Victoria

Pat Caporale
Wayne Davis
Marilyn Lee
Herman Rebneris
Chris Ricketts
Bob Starck

CHBA-BC

Harbinder Kainth Jassal
Trusha Pandit
Keith Sashaw
Colleen Watts



Canadian
Home Builders'
Association

BRITISH COLUMBIA

MEMORANDUM

Date: April 9, 1999
To: Executive Committee
From: Keith Sashaw
Subject: Minutes

Please find attached minutes of the Executive Committee Meeting held on March 24, 1999.

The next Executive Committee Meeting will be held in Victoria on April 21st from 2:00 pm to 5:00, during our Board Meetings and government liaison events.

Please advise Harbinder of any corrections.

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m i n u t e s

In Attendance:	Doris Penner	Bob Switzer	Teleconference:	Peter Schultze
	Keith Sashaw	Rex Leonard		Jim Thomson
	Jeff Loucks - Absent		Recorder:	Harbinder Kainth Jassal

1. Welcome and Call to Order

Doris Penner called the meeting to order at 10:05 am.

2. Acceptance of Agenda

The agenda was accepted as presented.

3. Approval of Minutes of February 25, 1999

Peter Schultze motioned and Rex Leonard seconded to approve the minutes of February 25, 1999. All were in favour. The motion was carried.

Keith raised business arising from the minutes. The On-Site Technical Program will be transferred to the provincial government and it could be until April or May until the program will be in progress.

4. CHOA - Carmen Maretic

Doris Penner welcomed Carmen Maretic of the Condominium Home Owners' Association.

Carmen gave a presentation on how the leaky condo crisis has forced CHOA to look for loan assistance and relief from the federal government. She is seeking CHBA-BC endorsement for federal assistance, and wants our commitment to take our own initiatives to assist in bringing forward their message to federal politicians.

Other associations that have committed supporting CHOA's petition are ICBA, PAMA, and other community associations.

In her presentation, Carmen points out there are very specific concerns with CMHC and their lending practices.

It was commented that the issue of mortgage insurance premiums is not one that the Association is able to tackle at this time. Although it is not mentioned in the CHOA petition, this may be an issue that CHBA-BC should be concerned with at a later date, especially if these are the intentions of the petition.

Doris Penner mentioned that the federal government will only respond to specific concerns.

Jim Thomson suggested that CHBA-BC tread carefully, considering our relationship with CMHC.

Rex Leonard commented that most of the recommendations made by Carmen Maretic relate to taxation issues, which is something that is traditionally not done by the federal government. Rex offered to research the petition, specifically the issue surrounding principal resource deductions and capital gains deductions. It was also suggested to send the petition to John Kenward for his comments.

It was agreed to discuss this issue at the next Executive meeting.

5. Georgies

Doug Wilson and Colleen Watts reported on the Georgie Awards.

George Thew is on the Georgie Management Committee, as is Deborah Prior. Doug will be contacting Dai Simpson regarding his participation on the Committee. Alexandra Russell is on the Production Committee.

The budget was presented to the Executive, and a good discussion ensued regarding this. Sponsorship is up substantially. There have been very positive discussions regarding the Homeowner Protection Office as the sponsor for the Call for Entries at \$25,000. The costs for Sue Lewis, the professional fundraiser, have been covered. Insurance companies have been identified as potential sponsors. Sponsorship benefits are being re-worked.

Doug explained that the Georgie Management Committee strongly opposed non-member fees that were recently approved at the Board Meeting. There was general consensus that 1999 is not the year to make this decision. Entries will be tracked this year to determine the percentage of members and non-members.

It was reported that Keith and Colleen had attended a meeting with MaryAnne Connor Simpson of the Sales and Marketing Council. They presented approximately 140 suggestions and over 50 categories. It was noted that some suggestions were accepted, and some of the criteria was changed, and 2 categories were added.

The Call for Entries is expected to be sent at the end of April. The Launch has been, in previous years, a milestone for the release of the call for entries, but overall, not a great benefit. It would be more beneficial to achieve a revenue-generating event, such as a mini-conference on how to prepare any entry. There could be a small registration fee or we could request sponsorship from last year's Grand Georgie winners.

Van Keken has been selected as the production company to produce the-Georgies this year. Both Van Keken and Peter Mayer met with the Committee, but the cost for Peter Mayer is much higher than that of Van Keken. A 2-year contract has been drafted, with the option of opting out next year. Dr. Strangelove is being considered as the After-party band.

Public relations and advertisements for the newspaper are in progress. The art department of The Vancouver Sun has also offered their services. MaryAnne Connor Simpson noted that Bang On Communications is interested in sponsorship next year.

Doug Wilson noted that since Global TV will not be participating as much as they have in previous years, they are amenable to moving down one sponsorship level. It was unanimously agreed that Global TV should remain a Platinum Level Sponsor, considering the amount of time and commitment that Ron Jacques contributes.

6. Financial Statements / Treasurer's Report

Rex Leonard reported on the financial statements. All items on the balance sheet are in line.

We are not operating on a line of credit. There is nothing new to report on the RCI grant. Membership dues are on track. The Georgies are in a surplus position at \$880. Final counts for the Housing Tech Forum have not yet been calculated, as some participants have not been invoiced yet. The forum was budgeted on 120 participants, so we do expect a loss.

Bob Kuhn does expect to be renumarated for his services for the HPO seminars, but this will be based upon the final count.

It was suggested to write off the Code and Construction Guides, as there is no market value.

7. Government Liaison Committee

a) Meeting with Minister Jenny Kwan

Keith and Doris met with Minister Jenny Kwan on Monday afternoon. It was an interesting meeting, with the Minister wanting CHBA-BC to lobby social programs. CHBA-BC reiterated the commitment to work together however, this lobbying would not occur.

b) *Meeting with Council of Economic Ministers*

A meeting to prepare the presentation was held on Monday with Bob Switzer, Chris Hartmand, Doris Penner and Keith Sashaw.

The presentation was held on Tuesday afternoon in front of ten to twelve high profile cabinet ministers, and the same number of senior government officials. The presentation was well received, with Doris and Keith highlighting the importance of housing as an economic engine and the current state of the industry, as well as recommending the elimination of the property transfer tax and a social marketing program to instill consumer confidence.

A lot of discussion ensued, ranging from DCC's to housing affordability.

Overall, Keith and Doris felt it was an excellent presentation.

8. *Education Services*

Lisa Washbrook reported on Education Services. Over 600 people attended the HPO seminars, with a large majority of participants being non-members.

100 people attended Housing Tech '99. The Forum received good comments, and trade exhibitors have commented that there has been some business generated from their participation. Housing Tech 2000 will be held the first weekend of March. This will be an agenda item for the Technical Advisory Committee.

Three courses of six were cancelled during the Spring Training season. Registrations for the Fall season seem to be much higher than the Spring season. It was recommended that there only be one season, and that Housing Tech 2000 be the final course and act as the finish of the training season.

CHBA-Yukon is scheduling a sales and marketing module, and CHBA-Kamloops is scheduling a project management course. CHBA-Victoria plans to hold a full CRB program in the Fall.

A telephone seminar was held with Carol Smith on customer service. This may be a good concept of delivering education courses.

The Education and Training Committee voted to have the indentureship process a responsibility of the Provincial office rather than the Local associations.

Keith recommended that a proposal to the HPO be considered for funding of a Director of Education. Peter Schultze motioned moving forward for this funding proposal, and Bob Switzer seconded. All were in favour. The motion was carried.

9. *Technical Advisory Committee*
a) *Update on Activities*

Bob Switzer reported that a meeting will take place on April 1st. Bob will chair the multi-family portion of the meeting, and Doug Penzer will chair the remainder. Issues on the agenda include the mandate and the membership of the committee.

10. *Membership / Benefits*
a) *Update*

The membership dues report was distributed.

A long distance package proposal from Westel is being reviewed. The ICBA mailout has received a positive response.

Keith and Colleen will be meeting with the GVHBA membership committee and Ralph Kison to discuss the concept of the membership recruiter. The target date is to have a full-time commissioned salesperson as of May 1st. The intention is that CHBA-BC and GVHBA will be joint sharing the recruitment program and coordinating a commission scale. Commissions on renewals will follow at a later date.

b) *CHBA-Cowichan Valley*

CHBA-Cowichan Valley has closed their offices due to the downturn in the housing market.

c) *CHBA-Kelowna*

Linda Phillips and Ray Wynsouw are doing an incredible job of raising awareness of the Association in the community.

d) *CHBA-Shuswap*

The inaugural meeting of builders in the Shuswap area is tomorrow evening. Doris and Keith will be attending the meeting. It is expected that this will be a vibrant association.

11. *Housing Issues Conference*

a) *Update on Activities*

Planning is underway on the Housing Issues Conference, scheduled for October 29th at the Hyatt Regency Hotel. KPMG has been approached and has shown considerable interest in an audit of computations and taxes of housing costs.

A planning meeting has been scheduled for April 6th. Currently, we have identified 16 potential topics and still looking for ideas for keynote speakers. The format will consist of 4 stream with 4 sessions, each an hour and a half. A suggested speaker is Rob McIntosh, to speak on the Kyoto Conference.

CMHC is very interested in working together with us again this year.

Keith recommended that CHBA-BC recruit BCIT Journalism School students to prepare reports on each of the sessions.

12. *Correspondence*

a) *CHBA-National Conference*

Keith Sashaw reported that CHBA-BC is proceeding with the National Conference being held in Victoria in 2003. The role of the host association is to host a hospitality opening night reception and organize the companion and children's programs. There is a profit sharing formula for sponsoring and hosting the Conference. It was explained that the bid would be put forward by CHBA-BC, and that CHBA-BC would be the host association.

There was some concern expressed that the Conference would affect other sponsorships.

Bob Switzer motioned and Peter Schultze seconded to proceed with the Conference being hosted by CHBA-BC in 2003. All were in favour. The motion was carried.

13. *Other Items*

a) *Government Lobbying Session / Membership Workshop*

Keith Sashaw reported that the Government Lobbying Session will be held on April 20th. Keith will contact Labrador Communications to request their services. The membership workshop will be held on Wednesday morning. Michael Gough has been contacted to lead this session.

b) *Industry Reception / Luncheon*

A letter regarding sponsorship opportunities was sent to a number of developers. Parklane and Polygon have come forward with monies to sponsor the lunch and the reception.

14. *Adjournment*

There being no other business, the meeting was adjourned at 12:45 pm.

:hkj



Canadian
Home Builders'
Association

BRITISH COLUMBIA

MEMORANDUM

Date: April 9, 1999
To: Executive Committee
From: Keith Sashaw
Subject: Minutes

Please find attached minutes of the Extraordinary Executive Committee Meeting held on April 1, 1999.

The next Executive Committee Meeting will be held in Victoria on April 21st from 2:00 pm to 5:00, during our Board Meetings and government liaison events.

Please advise Harbinder of any corrections.

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m i n u t e s

In Attendance:

Doris Penner
Keith Sashaw
Jeff Loucks

Doug Penzer
Rex Leonard
Bob Switzer

Teleconference:

Peter Schultze
Jim Thomson
Gavin Parsons
Harbinder Kainth Jassal

Recorder:

Doris Penner welcomed everyone to the Extraordinary Executive Committee Meeting. Keith explained that there is no agenda for the meeting.

Keith provided an overview of the current situation and the events that have occurred since last week.

On Tuesday morning (March 30th), Jim Thomson handled in an excellent manner a New Home Warranty press conference. Keith and Doris then travelled to Victoria for the Budget Speech, which was a major disappointment for the housing industry.

A teleconference was scheduled among all of the Local Association Executive Officers on Tuesday morning.

A teleconference was held among all of the Local Association Presidents to seek ideas and try to address immediate concerns.

Keith and Doris held a discussion with Nona Saunders to convey our concern and that CHBA-BC is willing to work with CHOA to provide direction.

There was general agreement that the industry is reeling from shock.

New Home Warranty has been receiving a considerable number of calls. Jim Thomson is the Acting President of New Home Warranty. There have been intense discussions with an insurance company with a "go-forward" position.

There has been some discussion with Canada Mortgage and Housing Corporation regarding mortgage builder financing, and it is important to urge CMHC to make a commitment to the building community.

A "Keeping Current" newsletter was faxed to all members this morning, outlining to the membership that this is a very unsettled time and CHBA-BC is working on behalf of the industry.

The question remains: What do we do now?

Doug Penzer commented that we prepare contingency plans for CHBA-BC's own budget. Keith Sashaw noted that much of our operating budget comes from the Residential Construction Institute, whose major contributor was New Home Warranty. CHBA-BC makes a request for funding from RCI. NHW has not made a contribution to RCI for the past year.

Currently, CHBA-BC has at least one year's operating expenses with contributions from RCI. It was noted that RCI also has a commitment from National Home Warranty for a contribution.

However, the loss of New Home Warranty will be felt at the local level, since New Home Warranty has made a number of contributions to local association events.

It was noted that we must address financial concerns calmly and look forward towards the future, and not just short term.

It was questioned whether the BC Federation of Labour's press release with a listing of directors for New Home Warranty will affect CHBA-BC. It was answered that CHBA-BC is the sole shareholder of NHW, which is a not-for-profit company. The shareholder does not hold responsibility for the day-to-day affairs and the policy of NHW, and as such, there is no personal liability.

It was questioned whether CHBA-BC should be seeking independent legal advice. Keith explained that the Association Solicitor for the past 15 years is Bob Kuhn, who is also the lawyer for New Home Warranty. Keith will speak with Bob Kuhn to seek his legal opinion on whether we should seek independent counsel. It might be wise to stay an arm's length from the controversy.

It was also noted that CHBA-BC does not have the financial resources to retain a lawyer. Bob Kuhn has always worked pro-bono for CHBA-BC. Jeff mentioned that we have members who are law firms, and perhaps we could utilize them.

New Home Warranty has a media adviser, however, we are confident that we are able to handle inquiries. The media consultant at NHW prepared a sheet on potential questions and answers, and has put together standard statements to handle enquiries. There was a general preference that if we were to use a media consultant to not use the same one as NHW. It is likely that we will not use a communications firm.

Keith reported that it is clear in our discussions that we are releasing public information from CHBA-BC, and that we do not speak for New Home Warranty. CHBA-BC is not privy to NHW's financial statements and discussions. CHBA-BC is an industry association speaking on behalf of the residential construction industry.

Doris explained that Keith will handle all enquiries from the media, and that she would handle enquiries from the membership.

Jeff sought clarification that there are sufficient assets to cover outstanding debts at NHW, however, based on the actuarials, NHW will not be able to cover future claims. There are a number of warranty providers who are interested in NHW's assets.

Keith noted that there have been on-going discussions between NHW and a major insurance company to assume NHW, and do business as a different company. There is a strong likelihood that this may take place May 1st.

It was suggested that we start separating CHBA-BC from New Home Warranty. We must question, as an association, with the demise of NHW, what does that mean for our future? It is important for us to take a proactive approach.

Keith noted that we need to better define what the relationship is between CHBA-BC and warranty companies. As an association, we have to come up with positions that are supportive of our industry, such as the 23 years of solid experience, the excellent staff, how instrumental it's been in the success of CHBA-BC in terms of education and training and policy. Compared to other warranty providers, NHW provided a greater contribution than any of the existing warranty companies.

Jim Thomson joined the meeting, and reported that it is a very bleak situation. There is political chaos, and a balancing act is being attempted. Jim noted that the lawsuits against the directors is very, very slim. Jim also commented that the message that needs to be emphasized is the one that we are the only people that care - that care about the consumers, the people who have warranty, and the creditors.

Canada Mortgage and Housing Corporation is under extreme pressure to develop a position.

Jim Thomson reiterated that the intention is to do what's right.

Hopefully, there will be a resurrected warranty company in 30 days. The value of the assets must be maximized.

Jim Thomson expressed that his goals are to ensure equitable treatment for the staff, offer an upgrade or replacement warranty, and ensure that creditors get a good deal.

It was explained that whatever the deal may be, the trustee or shareholders will approve it.

Keith explained that there will be a Past President's meeting next Wednesday.

It was of concern that builders are going to other warranty companies, and that CHBA-BC needs to restore their confidence and bring about some calm. CHBA-BC could be the vehicle for sending this information to the industry.

It is uncertain whether funds to RCI will continue.

It is also important to assess our potential liability.

It was recommended to let NHW deal with the press release issued by BC Federation of Labour.

Keith explained that John Kenward is aware of the situation, however, there is not a lot that he can do. The Canadian Warranty Council met on Tuesday, and there was concern that this crisis will cause greater regulatory burdens across the country.

It was noted that this only underscores the need to push the federal government to move forward. Should we be supporting CHOA on this? It was suggested that Keith follow up with John Kenward on this.

It was noted that if the provincial government helped out on this, they could be heroes.

RCI contributions from NHW have never been invoiced. There is an asset base of \$280,000 in RCI. Over the years, NHW has contributed in excess of \$1 million to RCI. National Home Warranty has offered to pay \$15 per member towards RCI.

The question is how much CHBA-BC wants to draw down on RCI - we need \$160,000 for 1 years' budget.

It was recommended that we utilize RCI, as it would be prudent to tap into RCI. There are opportunities with other warranty providers.

The intention is to keep the infrastructure of CHBA-BC as status quo.

It was suggested to discuss this issue during the development of the budget.

For CHBA-BC, it's business as usual - we have members to service.

The history of why CHBA-BC owns New Home Warranty was requested.

In 1976, it was recognized that consumers needed protection as there was no warranty program in place. Except in Ontario, CHBA initiated the home warranty program across Canada. It was noted that in the 1980's, the NHW was on the verge of demise, but a number of key builders moved forward to bail them out. Since then, the reserves kept growing and growing, and the reserves grew to the point where re-insurance wasn't required.

Jeff Loucks commented that we should promote this history, and deflect some of the hits. Until leaky condos hit, NHW was fine. It is apparent that no insurance company could have handled the leaky condo crisis.

Is it possible to get support from sister warranty companies?

It is important to build on the credibility of the association and bring the information to industry and builders.

There is perception that we are exclusive to NHW.

Bob Switzer commented that we need to draw some comparisons that other insurance industries have experienced. This crisis could not have been foreseen.

The Association has to develop a formal policy statement on what to do and where to go in this type of situation. Maybe the position could be to NOT seek bailout from the government.

Keith explained that he had a discussion with Rich Coleman, who expressed his interest in fully understanding our position. It is important to educate the Liberal caucus.

It was noted that it should be made aware that although the government won't help out, they won't even consider other options, for example, the elimination of the Building Standards Branch could be blamed for the crisis, as well as changes to the Code.

Keith explained that Rich Coleman is the Housing Critic, while Ted Nebbeling is the Critic for Municipal Affairs.

It was noted that the government receptions are still on, and a Board Meeting will be held on April 20th in Victoria.

Recommendations:

- move in a strategic position
- seek legal advice
- CHBA-National Update
- support of Executive in communications with Keith and Doris
- public relations
- portray Association as source of knowledge
- be calm

Keith reported that we will not be using the services of a communications company. Keith also stressed the importance of keeping information confidential. If there are concerns, please do not hesitate to contact the office.

:hkj

Extraordinary Board of Directors Meeting

Teleconference - April 8, 1999

11:30 am

In Attendance:

Allan Askew	Jeff Loucks	Peter Schultze*
Greg Constable	Bob Lucas	Gary Senft
Allen Creuzot	Mike Ohman	Bruce Siddall
Tony Cruz	Gavin Parsons	Jim Thomson
Wayne Davis	Doris Penner	MJ Whitemarsh
Harry Feather	Doug Penzer	Dennis Woodward
George Kelly	Balbir Raiwal	Ray Wynsouw
Steve Kurrein	Herman Rebneris	
Rex Leonard**	Keith Sashaw	

Regrets: Eric Gerrits Bob Switzer* Jim Vroom
Recorder: Harbinder Kainth Jassal

Keith Sashaw, Chair for the meeting, called the meeting to order at 11:35 am, and thanked everyone for attending.

Jim Thomson provided an overview of the events as of March 25th, 1999 and leading to this meeting.

The Board of Directors of New Home Warranty of BC met last night to discuss offers received by National Home Warranty and London Guarantee to purchase certain assets of New Home Warranty of BC. The Board subsequently approved the offer from National Home Warranty.

As sole shareholders of the New Home Warranty of BC, Canadian Home Builders' Association of BC is required to pass a resolution to support the actions of New Home Warranty of BC.

Keith Sashaw proceeded to read the Director's Resolution of CHBA-BC (attached).

Herman Rebneris moved and Doug Penzer seconded to accept the Director's Resolution.

Discussion ensued on National Home Warranty's offer, and clarification was requested on the details surrounding the deal.

The motion to approve the Director's Resolution, effectively approving the actions of the New Home Warranty Board of Directors, was unanimously passed by the Board of Directors of Canadian Home Builders' Association of BC.

:hkj

non-voting member
**abstained from vote*

**SHAREHOLDER'S RESOLUTION OF
NEW HOME WARRANTY OF BRITISH COLUMBIA INC.**

WHEREAS:

(A) Pursuant to a letter from National Home Warranty Programs ("National") to New Home Warranty of British Columbia Inc. ("NHWBC") dated April 5, 1999, as modified by a letter from National to NHWBC dated April 7, 1999, (the "Letter of Intent"), National made an offer to purchase certain assets of NHWBC on the terms contemplated therein;

(B) To effect the transactions contemplated in the Letter of Intent, National and NHWBC intend to enter into a definitive asset purchase agreement for the purchase and sale (The "Asset Purchase Agreement") of certain assets of NHWBC, being the Purchased Assets as described in the Asset Purchase Agreement; and

(C) The Purchased Assets constitute all or substantially all of the assets of NHWBC as contemplated under section 126 of the *Company Act* (British Columbia).

It was resolved as a special resolution of the sole shareholder of NHWBC that:

1. The execution and delivery by NHWBC of the Letter of Intent and the Asset Purchase Agreement is hereby ratified and confirmed.
2. NHWBC be and it is hereby authorized and directed to proceed with the transactions contemplated under the Letter of Intent and the Asset Purchase Agreement, being a sale of all or substantially all of the assets and undertakings of NHWBC.
3. NHWBC be and it is hereby authorized and directed, to execute and deliver such further and other documents as are required to close the transactions contemplated by the Letter of Intent and Asset Purchase Agreement, including customary certificates, resolutions, opinions and other closing documents.
4. Any one director or officer of NHWBC be and he is hereby authorized, empowered and instructed, acting for, in the name of and on behalf of NHWBC, to execute or cause to execute, under the seal of NHWBC or otherwise, and to deliver, or cause to be delivered, the Asset Purchase Agreement and such other documents as are necessary or desirable in order to give effect to the transactions contemplated thereby.

Dated April 8, 1999.

Canadian Home Builders' Association of British Columbia

per: 

**DIRECTORS RESOLUTION OF
CANADIAN HOME BUILDERS' ASSOCIATION OF BRITISH COLUMBIA
PASSED AT A MEETING OF THE BOARD OF DIRECTORS OF THE
ASSOCIATION HELD BY TELECONFERENCE ON APRIL 8, 1999**

ON MOTION DULY MADE and SECONDED, it was unanimously resolved as a directors resolution of the Association, that Keith Sashaw, or such other director or office of the Association as may be available, be and is hereby authorized to execute and deliver, on behalf of the Association as the sole shareholder of New Home Warranty of British Columbia Inc., a shareholders resolution substantially as follows:

"WHEREAS:

(A) Pursuant to a letter from National Home Warranty Programs ("National") to New Home Warranty of British Columbia Inc. ("NHWBC") dated April 5, 1999, as modified by a letter from National to NHWBC dated April 7, 1999, (the "Letter of Intent"), National made an offer to purchase certain assets of NHWBC on the terms contemplated therein;

(B) To effect the transactions contemplated in the Letter of Intent, National and NHWBC intend to enter into a definitive asset purchase agreement for the purchase and sale (The "Asset Purchase Agreement") of certain assets of NHWBC, being the Purchased Assets as described in the Asset Purchase Agreement; and

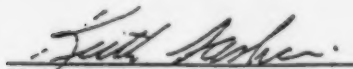
(C) The Purchased Assets constitute all or substantially all of the assets of NHWBC as contemplated under section 126 of the *Company Act* (British Columbia).

It was resolved as a special resolution of the sole shareholder of NHWBC that:

1. The execution and delivery by NHWBC of the Letter of Intent and the Asset Purchase Agreement is hereby ratified and confirmed.
2. NHWBC be and it is hereby authorized and directed to proceed with the transactions contemplated under the Letter of Intent and the Asset Purchase Agreement, being a sale of all or substantially all of the assets and undertakings of NHWBC.
3. NHWBC be and it is hereby authorized and directed, to execute and deliver such further and other documents as are required to close the transactions contemplated by the Letter of Intent and Asset Purchase Agreement, including customary certificates, resolutions, opinions and other closing documents.

4. Any one director or officer of NHWBC be and he is hereby authorized, empowered and instructed, acting for, in the name of and on behalf of NHWBC, to execute or cause to execute, under the seal of NHWBC or otherwise, and to deliver, or cause to be delivered, the Asset Purchase Agreement and such other documents as are necessary or desirable in order to give effect to the transactions contemplated thereby.

Certified to be correct.


Keith Sashaw,
Officer of the Association

Executive Committee Meeting

Wednesday, April 21, 1999

2:00 pm - 5:00 pm

Coast Harbourside Hotel, Victoria, BC

M I N U T E S

In Attendance: Doris Penner
Doug Penzer
Jeff Loucks
Bob Switzer
Keith Sashaw

Regrets: Gary Senft
Peter Schultze
Rex Leonard
Jim Thomson
Recorder: Harbinder Kainth Jassal

1. Welcome and Call to Order

President Doris Penner welcomed everyone at 1:05 pm.

2. Acceptance of Agenda

Keith Sashaw added two items to the agenda. The first is to establish a committee to discuss a housing policy with the Liberal Party. The second item is to develop a resolution to be sent to warranty providers.

3. Approval of Minutes of March 24, 1999

Jeff Loucks motioned and Bob Switzer seconded to approve the minutes of the March 24, 1999 Meeting. The minutes for the April 1, 1999 will be deferred for approval at the next meeting.

4. Items from Last Meeting

a) CHOA Federal Petition

Keith Sashaw has had discussions with John Kenward, and has asked him to review the petition from a housing policy perspective. It is expected that some sort of government response will be received.

Doris Penner has spoken to Nona Saunders and Jenny Kwan and has recommended deferring this issue to the next meeting.

It was agreed that there are particular aspects of the petition that we could support in principle, and also some aspects that require further additions.

b) Update on New Home Warranty

There is nothing new to report since the last board meeting. It was noted that National Home Warranty is only taking twelve of the thirty staff. It is unlikely that the technical aspects will be a high priority.

5. Georgies

A report on the Georgie Awards was circulated to the Executive by Colleen Watts prior to the meeting.

The Call for Entries is to be sent by this weekend. The Homeowner Protection Office sponsored the Call for Entries. A Georgie workshop entitled "5 Reasons why you won't win a Georgie" will be held at the end of May, with Peter Mayer leading the session.

Sue Lewis has been retained to raise sponsorship and is in discussions with Keith regarding sponsorship opportunities with head offices in Ontario.

The request for sponsorship from the Ministry is in progress.

6. Financial Statements / Treasurer's Report

Keith Sashaw reported on the financial statements. CHBA-BC has a positive cash balance. \$145,000 has been received of membership dues.

All expenses have not been received from the Housing Tech Forum, and reconciliation has not been done. Bob Kuhn's costs have not been covered yet. Bob will advise what his costs are, ensuring that we do not suffer a loss.

Over budgeted items include travel costs and fax costs. However, there is value in faxing current information. The next Keeping Current will be sent once the warranty providers are announced. It was agreed that there is a need for comprehensive information.

Keith reported that he is currently reviewing alternate ways of marketing the Housing Tech Forum, and possibly doing a Buildex Trade show type of program.

Video conferencing opportunities are also being reviewed as a delivery option.

7. Government Liaison Committee

a) Homeowners' Protection Office - Update

There is nothing new to report.

It was noted that the total number of budgeted staff at the HPO is about 35. There is a \$400,000 budget for research and education.

b) Housing Policy

Keith reported that in his discussions with Rich Coleman, Housing Critic, the BC Liberal Caucus is interested in developing a housing policy. Doris Penner, Doug Penzer, Bob Switzer, Keith Sashaw and Chris Hartman will form as the main committee to develop the housing policy in conjunction with the Liberal caucus. As information is required, resources can be brought in.

Keith questioned whether the reception and the luncheon were valuable. It is important to involve the government representatives so that they can experience first hand what our members do. It was agreed that these government events are worthwhile for our members. It is also important for our members to realize how difficult it is for our Association to lobby with particular levels of government. It was agreed that these functions are valuable.

8. Education and Training Committee

a) Update on Activities

A report on Education and Training Activities was circulated.

Keith reported that he and Doris met with Mark Salerno and Vivienne Taylor regarding education and training initiatives, our CRB program and our commitment to training. CMHC and the HPO are in process of developing courses through community colleges, which is encouraging since CHBA-BC is already working toward that goal. Keith and Doris further explored the idea of utilizing the CRB vehicle as the definitive course, with a stamp of approval from CMHC and the HPO. Course materials have been sent to CMHC and HPO for their review.

It was also discussed the feasibility of the development of a building envelope construction and repair course. It was noted that Chris Mattock has delivered a similar type of course to AIBC. Chris is also keen on the development of a five-day course on building science and it is important to fast track this to take advantage of the opportunities available. CHBA-BC is putting together a proposal and will be the delivery agent.

Bob Switzer recommended that Art Doyle be involved in the development process because of his practical knowledge.

Keith noted that this could form the basis for new and reparation construction, and be a prerequisite for renovations licensing. There have been positive discussions regarding this.

It was advised by Mark Salerno that the CMHC Best Practices Guide is a working and changing document. Liability issues still have to be examined.

It was reported that CRB's and RHP's are being audited to maintain their designation.

Any reference made to New Home Warranty has been removed from all materials.

The Mega Education and Training Committee is moving forward.

Concern was expressed about the focus and duties of the Education Services Department.

b) Director of Education - funding request

The funding proposal is in progress. The Field Rep Contract developed many years ago will form the basis of the proposal. This Director would be the one to drive the agenda of the Education Services of CHBA-BC.

9. Technical Advisory Committee

a) Update on Activities

Doug Penzer and Bob Switzer reported that a meeting was held.

Keith Sashaw noted that technical support is being sought by On-Site Technical Services.

Doug Penzer advised that he will be serving on the steering committee to rewrite the CHBA Builders Manual.

It was noted that the preference was to hold the TAC meeting at 12:00 pm and end at about 2:00, as the length of the last meeting was too long. Bob noted that it would be preferable to him if Doug chaired the entire meeting. Doug agreed, however, since Doug will be President next year, it was expected that Bob would become Chair of the TAC. Bob cannot comment on this as he does not know his future commitments

One of the major issues discussed was the inconsistencies of the vinyl siding industry, and recommendations for CHBA to provide a best practices guide. Doug advised that this is a major issue at BEREC.

10. Membership / Benefits

a) Update

The outstanding dues report was circulated.

b) Membership Recruiter

This issue was discussed at the Membership Workshop. A proposal from Ralph Kison has been received regarding developing a job description. Keith noted that it is encouraging that many of the Local Associations had supported the concept. It is important that we send a strong and consistent message that CHBA-BC will only forego our fee for a commission sale.

11. Housing Issues Conference

A planning meeting has been scheduled for May 5th from 10:00 am to 1:00 pm.

12. Correspondence

Jeff Loucks noted that CHBA-Kelowna is hosting a launch of the Thompson-Okanagan Housing Awards on April 28th at the Summerhill Winery.

13. Other Items

a) UBCM & CHBA-BC Meeting

The meeting between the Executive Committees of UBCM and CHBA-BC will meet at 5:00 pm at Pablo's Restaurant.

b) Resolution

It was recommended at the Board Meeting that a resolution be drafted to articulate CHBA-BC's position between the relationship of warranty providers and CHBA-BC.

Whereas, the Canadian Home Builders' Association of British Columbia represents the housing industry in the Province of BC, and represents 1100 members, and,

Whereas the introduction of provincial legislation, effective July 1st, 1999 regarding licensing and mandatory warranty builders, and,

Whereas CHBA-BC is supportive of competing third party private sector warranty provider, we resolve that,

The warranty providers provide a commitment to supporting education and training initiatives and financially contribute to education and training programs targeted to improving the quality of construction.

The warranty providers provide a fair and balanced warranty product that is based on risk associated with the project and does not include restrictive personal covenants

There be a warranty product that recognizes the diverse nature of builders in BC in size, location, longevity and volume of activity so that it is an accessible and inclusive program able to establish reasonable premiums for the risk to be assumed.

It was recommended that clarification first be sought from warranty providers. This resolution is very basic, and doesn't delve into details or the fundamentals of insurance.

A draft will be sent out for review to the Executive Committee.

It may be worthwhile to list questions to be asked of warranty programs to help us understand the similarities and/or differences between warranty providers. It was suggested that the membership be requested for questions that they want answered.

It is important to start with the basic principles that we view as crucial and critical. The draft resolution can be sent now, with an intention to clarify.

14. Adjournment

There being no other business, the meeting was adjourned at 3:55 pm.

:hkj

M I N U T E S

1. Welcome and Introductions

At 1:10 pm President Doris Penner welcomed and thanked everyone for attending. Introductions were done around the table.

President Penner commented that the face of the industry is changing hence the need to conduct strategic planning for our association. President Penner assured board members that CHBA-BC is not in trouble, however, we do need to go forward to operate in the new reality.

Belonging to an association and keeping the association strong is now more important than ever.

Sympathies were extended to Eric Gerrits.

2. Updates

New Home Warranty of BC

Keith Sashaw provided an update regarding New Home Warranty. Keith noted that the membership is updated on a continual basis.

It was noted that there is a full understanding of where we are and how we got here. The problems started with the Leaky Condos, and then continued with mandatory licensing and warranty issues. The regulations were brought in on January 25th. A letter was written to the Minister requesting postponement of the registration of builders. It was noted that CHBA-BC provided input into the regulations.

New Home Warranty had begun negotiations with an insurance company in February due to a number of reasons. The number of housing starts dramatically decreased, thus a declining number of enrollments in New Home Warranty. CHBA-BC has always been in support of private sector competition among warranty providers.

Prior to negotiations and culminating in today's events, in 1997 New Home Warranty began to become aware of the ramifications of leaky condos and tried to mitigate their exposure. In 1998, leaky condo claims were serious, however, manageable. In January of 1999, the number of claims skyrocketed, and

the cost per claim was increased. Whereas in previous claims, repairs ran at about \$10-18,000, claims were now about \$35,000.

On March 25th, 1999, Jim Thomson met with Shayne Ramsay to inform him that a deal had been confirmed with a major insurance company. That afternoon, a claims experience report showed that the situation had gotten worse. Existing claims could be covered but there were insufficient reserves to cover future claims. The only option that the Board could take was to cease doing business. The Board thus decided to file protection from its creditors

Certain assets of New Home Warranty were sold to National Home Warranty. The proposal to file protection from creditors is being worked on by KPMG, Jim Thomson and Bob Kuhn.

CHBA-BC is the sole shareholder of New Home Warranty.

In discussions with legal counsel, the board of directors has been prudent and proper and everything has been done by the book. They won't be liable for anything. Our role of the shareholder is even less risk, since we did not have any say in New Home Warranty's day to day operations. The likelihood of success in winning a lawsuit against us is very remote.

Other warranty providers

Warranty companies have yet to be approved by the Financial Institutions Commission. None of them have been approved by the Homeowner Protection Office, but this is expected to occur next week.

Two of the major insurance companies in the US are also showing interest in potential business opportunities in BC.

It is likely that on July 1st, there will be 4 warranty providers: London Guarantee, National Home Warranty, Residential Warranty and Willis Corroon Melling. There is no doubt that the impact and the requirements will be high, and the warranty premiums are likely to be higher. There is a high level of anxiety within the industry.

There will be a tremendous difference among warranty providers. London Guarantee and National Home Warranty are committed to serving the province, while Residential Warranty has limited capacity and Willis Corroon is only interested in multi-family units in the Greater Vancouver area and the best builders who build by the guide.

Keith reported that Brian Tweed has just announced that he is the Manager of Business Development at London Guarantee.

Doris mentioned that London Guarantee is committed in working with industry in a meeting held with them. No meeting has been held with National, yet.

Overall, the warranty deal is very positive for CHBA-BC in that it will relieve us in directing members to one particular warranty company.

It is important to allow builders enough time to make a proper business decision.

3. Discussion

There was discussion regarding the quality of service provided by warranty providers.

It was commented that National is not too interested in the technical end of warranty.

It was questioned whether replacement warranty was being offered by anyone other than National. It was replied that both London Guarantee and Residential Warranty are reviewing their options.

Neil Ziola commented on the extra costs that a multi-family building would incur on a warranty. Currently, Neil has a 394-unit building, with 30 yet to be sold. To provide warranty for those 30 units, the entire multi-family project must be reinsured.

Bill Strain commented that there is obviously some mis communication occurring between Ken Burton and Jim Morris.

Al Van Tongeren expressed concern regarding what realtors should be doing in the meantime.

Jeff Loucks reported that lenders are asking for statutory declaration. CMHC is not asking for replacement warranty if they have an NHW number. There must be new warranty on new units, and as long as they meet provincial FICOM requirements, they qualify for CMHC.

Sid Kingma reported that sales in his area have not been affected yet, and that most people are taking a wait and see attitude.

Pat Caporale commented on the financial requirements, specifically bonding requirements. There is a concern on how much money will be required. This is only to guarantee that the builder will come back and fix it. National quoted bonding levels at \$50,000.

Wayne Davis commented that this issue has become a big issue to a non-issue in just three days. There is a lot of concern in that we don't realize how many people will be affected. Wayne also mentioned that not everything has to be warranted - most custom homes are not higher-ratio.

Keith Sashaw clarified that any monies New Home Warranty received prior to March 25th, that person will be treated as a creditor. It is his understanding that any monies received after March 25th, the intention is to fully return that money.

It was questioned what our position on statutory warranty is. It was noted that all of this has been delayed until July 1st.

Bill Strain provided a history on why a warranty company was created by CHBA-BC.

Keith commented that if you sign on with a particular warranty provider, this does not mean that you are indentured to them for a lifetime.

Doris Penner commented that the 2-month postponement gives us many opportunities.

Marilyn Lee commented that there are many builders who don't know the criteria. Marilyn also commented that the stir of events has caused interest in membership.

George Kelly expressed concern over personal guarantees.

Dennis Woodward commented about the negative side of the postponement. The vocal side of CHOA is going to seize this opportunity. Dennis expressed concern about the welfare of the company who has done everything right, such as Intracorp, who uses Warranty as a marketing tool.

Keith Sashaw noted that in discussions with CHOA, there isn't the sense of CHOA driving the companies out of business.

Bud Saunders mentioned that during Jim Morris' presentation, he highlighted fees, selective applications, and selective areas. Bud also noted that the showcase of homes starts in May, and developers do not seem to be overly concerned.

Allen Creuzot expressed his frustration and confusion of the situation. Why do his members have to pay for problems not developed in their area? Allen also expressed his frustrations in dealing with National, and is glad that there will be other warranty providers. Allen also noted that there have been more building permits taken by owner builders recently.

It is important that information on warranty providers is sent to membership.

Jeff Loucks reported that he is receiving approximately 20 calls per hour.

Tricia Preston reported that a representative from National spoke at their meeting, and short of asking builders for their first born, their requirements are many.

Rhonda Williams stated that members are taking a wait and see attitude. Rhonda mentioned that during their membership meeting, Jim Morris was very vague about finances. A positive side is that members are seeing more value in membership.

Chris Bebek reported the same type of frustration that others have mentioned with National. Kamloops members are concerned about bonding and personal guarantees. Chris also noted that this type of negative publicity may be an opportunity to break the association. It is important to stand together as a united association.

Ray Wynsouw stated there is a sense of panic in builder registration, but otherwise it is quiet in Kelowna.

Les Lengyel reported that his members are paying dues, but there's no one left in the area. The economy is an all-time low, and there is a demise of interest in multi-family units. There is no consumer confidence at all, however, this does serve as an opportunity to come forward as a stronger association.

Les Shuert reported that progress on the new local association - CHBA-Columbia-Shuswap. He reported that many builders are unaware of many regulations.

Steve Kurrein complemented CHBA-BC on the timely distribution of information as events unfolded, but also criticized CHBA-BC that we didn't advise members on what to do. We must come up with a policy on how members should conduct themselves.

Keith responded that some local associations do not require mandatory warranty coverage as a membership requirement.

Keith Sashaw noted that London Guarantee has made a commitment in supporting the Georgie Awards.

Dennis Woodward stressed the need to bring back some confidence into the industry. Sell your own warranty - not third party warranty coverage.

Bob Switzer also advised that this is a prime opportunity to show value in membership and also to provide education and training programs.

Doug Penzer noted that there is a false perception that once the regulations are in, that the building problems will disappear.

Doris Penner thanked everyone for their input.

4. Impact on CHBA-BC

Keith Sashaw noted that there has been tremendous financial support from the Residential Construction Institute and New Home Warranty. CHBA-BC is in a good financial position and now has the ability to engage in some strong strategic planning. CHBA-BC did not receive any direct funding from New Home Warranty.

Bill Strain explained the history of why the Residential Construction Institute was established. \$400,000 was collected from Industry Canada. RCI is the only trust that still exists from that period. CHBA-BC had to make a formal request for funding from RCI. Bill mentioned that education and training is the primary goal of RCI. There are commitments in place from National Home Warranty, but don't know if National will honour it now. National had promised \$15 per unit enrolled per member to be contributed to RCI.

RCI now owes CHBA-BC \$175,000. There is enough in the RCI coffers for just under two years of funding for CHBA-BC.

It was noted that London Guarantee has shown interest in RCI.

RCI established the first CRB program in Canada, which is now a priority at the National Association level.

Keith Sashaw noted that the amounts in RCI are being maximized to get the maximum investment potential. The fund was set up to allow CHBA-BC to operate.

The CHBA-BC budget is on track. Since it is a trust fund, CHBA-BC would like to draw upon RCI prudently and judiciously.

It was questioned whether RCI qualifies for creditor status since New Home Warranty owes \$160,000.

Keith Sashaw recognizes the need to do some things differently, and try to mitigate claims through education and training of the industry. The HPO has a budget of 2 people and \$400,000 for education and training.

Keith reported that meetings with London Guarantee have been very positive as have been discussions with CMHC's Mark Salerno. CMHC is very interested in working in cooperation with CHBA-BC in delivering CRB Program modules to community colleges.

CHBA-BC is very well-positioned to obtain funding from HPO with our already developed programs. The HPO has already stated that they will not be delivering any education and training programs.

It was noted that technical expertise was lacking during the leaky condo crisis. The CHBA-BC TAC committee is being revamped to actively deal with current technical issues.

It was also noted that these courses and programs cannot be developed without membership input and without cooperation from locals.

Marilyn Lee expressed concern that if courses transfer to community colleges, where the revenues will go. She fails to see the advantages for the Local Associations.

Keith noted that the entire CRB program will not be transferred to community colleges.

There have been positive discussions with BCIT and their Bachelor of Construction. CHBA-BC will be marketing in the BCIT calendar. We can minimize costs by using their facilities, and there are increased opportunities for marketing and delivery.

Keith clarified that the CRB program is just one example of delivering through community colleges.

Bill Strain noted that the association will put forward the concept of making education and training available for everyone, and the RCI should remain as the funding vehicle.

Keith Sashaw noted that a strategic plan is required to review the activities of CHBA-BC and what we should do to position ourselves amongst the local and provincial associations. How can the program be refined and enhanced to make it better?

Herman Rebneris commented that to make education effective and affordable, it has to be done at the local level.

Bob Switzer reiterated the waste of time in trying to reinvent the wheel, and that we should be looking to other associations for assistance.

It was recommended that a strategic planning committee be established, and be mandated for the October Board Meeting.

Jeff Loucks stated that the strategic plan from 1994 has no measurement tools.

Ray Wynsouw suggested that representation from all over BC is required.

Wayne Davis questioned why we are delaying education and training concerns when there are immediate needs. CHBA-BC must develop courses so that locals can deliver them.

Keith Sashaw noted that an active education and training committee is being led by chair Leigh Grelish. It was also noted that there is an intention to put forward a proposal to hire a Director of Education.

Doris Penner reiterated that licensing agreements with all of the local associations have been signed to deliver education and training programs, but obviously this is not effective.

It was noted that the Strategic Plan is intended to receive input from all of the committees, and then from that, develop an overall plan for the Association.

Doug Penzer suggested that replacement funding opportunities should be included in the strategic plan.

Jeff Loucks commented that it is the responsibility of CHBA-BC to set the direction of education and training within a broader strategic plan.

Marilyn Lee also stressed that the input of local association executive officers would be valuable in developing the strategic plan.

Herman Rebneris commented that committee members are only volunteers and are very busy. It may be beneficial to hire someone to conduct the development of the Strategic Plan, eg. Director of Education.

Doris Penner commented that the Plan has to be "bought" by other people who are using it. It must be an active document.

Wayne Davis suggested that CHBA-BC utilize college or university students to do a project on the association. Keith noted that experience in this regard has not been successful. The intention is to not create a marketing plan.

Wayne Davis motioned and Herman Rebneris seconded that a strategic plan for CHBA-BC is developed.

The strategic plan would serve as a tool that members could use to reevaluate the association's activities. The plan would also help us to focus on our priorities and assistance in accessibility.

George Kelly suggested contracting this project out.

Bud Saunders recommended forming a committee of five and develop a questionnaire to be distributed to the membership for their input.

Steve Kurrein questioned why we are at crossroads when we have two challenges: education and training and lack of consumer confidence.

Les Lengyel suggested that we develop a vision of where we want to be in the future and how do we deal with the new realities.

Doug Penzer commented that for an association to have a purpose, we must have a strategic plan.

All were in favour. The motion was carried.

Doug Penzer suggested that a facilitator be invited to assist in developing a strategic plan at the next Board Meeting.

Keith Sashaw noted that the issue will be discussed at the next Executive committee meeting and a draft proposal process will be circulated to Board Members.

Ray Wynsouw stated that the vision should be from the President, and developing from that vision will be a series of questions.

The issue of consumer confidence is an important one. There was some concern about liability over telling people what to do. Rather, they should be given a choice.

Keith Sashaw also mentioned that the government is in the process of developing some sort of housing stimulation programs, such as increased social housing, grants, renovation packages. These are all short term solutions, and the message that CHBA-BC sent was that we are not interested in short term solutions.

Jeff Loucks stated that now is an ideal opportunity to propose a resolution regarding what industry expects from warranty providers. Les Lengyel motioned and George Kelly seconded to develop a resolution. All were in favour of this recommendation. This issue will be raised at the Executive Committee Meeting and will be sent to Local Associations for their review and approval.

Steve Kurrein questioned the privatization of warranty. Wayne Davis agreed.

Doris Penner reiterated that competition keeps companies on top of things, and offers companies a choice.

Balbir Raiwal expressed concern that insurance companies share information, and that somehow a company could get "blackballed".

Keith Sashaw reported that the Government Reception will be held tonight in this room. Thanks to sponsors of the reception: Parklane Homes, Progressive Construction, BC Real Estate Association, and Rempel Bros. Concrete Ltd.

The message that we are sending is that housing starts are at the lowest that they ever have been and that consumer confidence is shattered. What also should be stressed is how brutal the industry is. Keith mentioned that it is important for builders to share their own experiences.

The membership workshop will be held tomorrow morning in this room, and the Liberal Luncheon will be held at the Laurel Point Inn at 12:00 pm. The Executive Committee will hold a meeting at 2:00 pm, and then meet with the Executive of UBCM at 5:00 pm.

President Doris Penner adjourned the meeting at 5:00 pm.

:hkj



April 20, 1999 Board Meeting - Attendance

Executive Committee

Doris Penner
Doug Penzer
Jeff Loucks
Bob Switzer

CHBA-Chilliwack & District

Sid Kingma
Al Van Tongeren

CHBA-Comox-Strathcona

Les Lengyel

CHBA-Columbia-Shuswap

Les Shuert

CHBA-Cowichan Valley

George Kelly

Fraser Valley HBA

Al Hooge
Balbir Raiwal
Bud Saunders

Greater Vancouver HBA

Steve Kurrein
Dennis Woodward
Neil Ziola

CHBA-Kamloops

Chris Bebek

CHBA-Kelowna

Linda Hiemstra-Phillips
Mike Ohman
Ray Wynsouw

CHBA-Nanaimo

Tricia Preston

Prince George HBA

Allen Creuzot

CHBA-South Okanagan

Rhonda Williams

CHBA-Victoria

Pat Caporale
Wayne Davis
Marilyn Lee
Herman Rebneris
Chris Ricketts

CHBA-BC

Harbinder Kainth Jassal
Keith Sashaw

RCI

Bill Strain



Canadian
Home Builders'
Association

BRITISH COLUMBIA

MEMORANDUM

Date: May 21, 1999
To: Executive Committee
From: Keith Sashaw
Subject: Minutes

Please find attached minutes of the Executive Committee Meeting held on May 18, 1999.

The next Executive Committee Meeting will be held on June 24th from 10:00 am to 2:00 pm, at the CHBA-BC offices. Please note that this date may change.

Please advise Harbinder of any corrections.

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Serving B.C.'s Residential Construction Industry



MEMBERSHIP
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Executive Committee Meeting

Tuesday, May 18, 1999
10:00 am - 2:00 pm
CHBA-BC offices

m i n u t e s

In Attendance: Doris Penner
Gary Senft
Rex Leonard
Keith Sashaw

Doug Penzer
Jeff Loucks
Bob Switzer

Teleconference: Jim Thomson
Peter Schultze
Gavin Parsons
Recorder: Harbinder Kainth
Jassal

1. Welcome and Call to Order

President Doris Penner welcomed everyone and called the meeting to order at 10:00 am.

2. Acceptance of Agenda

Peter Schultze motioned and Jeff Loucks seconded to accept the agenda, with some additions.

3. Approval of Minutes of April 21, 1999

Jeff Loucks motioned and Doug Penzer seconded to approve the minutes of the Executive Committee Meetings held on March 24th and April 21st.

4. Items from Last Meeting

a) CHOA Federal Petition

A letter was drafted in response to the presentation made by Carmen Maretic of the Condominium Home Owners' Association. The principle of the letter is sound. It was noted that we are not signing the petition, only endorsing the principle of the petition. Basically, the petition calls for support at all levels of government. Keith Sashaw and Doris Penner will write a letter to the Prime Minister and the Premier for their assistance.

b) UBCM & Executive Committee Meeting

It was reported that members of the Executive Committee met with the Executive of UBCM in Victoria to discuss issues of mutual concern. CHBA-BC expressed its interest in working cooperatively and participating in the convention. It is important that dialogue be continued with this group, as they don't always understand the impact of their decisions on the housing industry. It was also noted that the municipal elections are in November, and that a session is held in February for new councillors. CHBA-BC has requested the opportunity to be a part of that orientation session.

5. Financial Statements / Treasurer's Report

Rex Leonard reported on the financial statements.

The cash flow is at a cycle which is a typical one at this time. Membership dues are consistent, and expenses are in line.

It was reported that our line of credit is fully extended. It was questioned what the optimal level is required from RCI.

Georgie sponsorship funds are slowly coming in, which means that we may not need to draw upon RCI. The bank may allow us some flexibility in regard to the overdraft.

To obtain funds from RCI, approval is required from the RCI Board of Trustees.

Rex Leonard recommended that a listing of discretionary expenses, according to priorities, be prepared.

It would be a shame to be cutting back when there are so many opportunities. We must be pro active and realistic. If expenditures are a fixed amount per month, where is it going, and what can be reduced.

Keith Sashaw stated that he is confident that at the end of the fiscal year, the budget will be balanced. The current situation is a cash flow crisis.

It was noted that RCI Board of Trustees will be meeting on Friday to discuss the financial situation.

6. Georgies

Colleen Watts provided an update on the Georgie Awards. A written report was attached with the agenda package.

Highlights of the report include the resignation of Doug McLean from the Sponsorship Committee due to other commitments, revision of the Sponsorship package, and the number of participants at the upcoming Georgie workshop. It was reported that security has been hired for the workshop in case there is a disruption.

Colleen Watts reported that the monies raised for the Silent Auction was actively discussed at the last Sponsorship meeting. The Committee agrees that the Silent Auction should raise money for a recognized charity. Keith recommended that the Committee be aware that a budget should be met. Although the Executive endorsed the concept of recognizing a charity, it was recommended that the Sponsorship Committee present a proposal outlining the payment structure as well as which charity to donate to.

7. Government Liaison Committee

a) Homeowners' Protection Office - Update

There is nothing relatively new to report regarding the HPO. London Guarantee is the only warranty provider that has been approved, and Ray Wynsouw is the only builder in BC to have a license.

CHBA-BC has sent to members a "Keeping Current" outlining "What to Look for in a Warranty Provider". This has also been sent to the warranty providers to obtain their responses to the questions posed. This will allow us to compare the programs of the warranty providers.

CHBA-BC will not endorse one warranty over the other. We recommend that the builder choose the warranty that best suits their business.

Doris Penner and Keith Sashaw met with Bill Strain and Neil Ziola regarding the redefinition of the Reconstruction Fund specifically to make loans directly available to strata corporations, rather than individuals. Jeff Loucks reported that BC Central Credit Union and the Canadian Bankers' Association have been discussing this issue for over a year, however, the Province doesn't listen. It was reported that the HPO is open to these discussions.

Jim Thomson provided an update on warranty issues.

b) Resolution on Warranty Providers

At the last Executive Committee Meeting, a Resolution for Warranty Providers was developed. This draft resolution was circulated to the Board. Most of the Board supported the Resolution, except a few. Bob Lucas did not support the resolution as it made no reference to the Yukon. Steve Kurrein suggested that we address the provincial government in discussions with the warranty providers. Herman Rebneris

stressed that while support for education and training was essential, the HPO should be the sole funding source.

Gary Senft motioned and Doug Penzer seconded that CHBA-BC proceed with the original resolution with an amendment made to include the Yukon. The resolution will be sent, along with a cover letter, over Doris' signature to warranty providers.

c) *Opinion Piece*

Keith Sashaw presented an Opinion Piece commissioned by Labrador Communications. There have been many references made to the proposed stimulation of the housing industry. The opinion piece will send a positive message to the consumer that the housing industry needs long-term relief.

It was noted that a meeting has been scheduled with Jenny Kwan on June 1st. Jeff suggested that more than one community be referenced. It was recommended that the Executive review and provide comments as soon as possible so the article can be published in advance of the June 1st meeting with the Minister.

d) *Meeting with Rich Coleman*

A meeting with Rich Coleman has been scheduled for this afternoon to help develop a Housing Policy. It was noted that some areas may require expertise.

There is a Housing Policy meeting with RC to help BC Liberals to help write housing policy this afternoon to start the process. Doris Penner and Keith Sashaw attended Rich Coleman's fundraising dinner.

8. **Education and Training Committee**

a) *Update on Activities*

Lisa Washbrook reported on the activities of the Education and Training Committee.

A meeting of the Committee will be held on Tuesday, May 25th with a full agenda, as there was not a meeting held in April.

Lisa Washbrook met with ICBA to discuss their Apprenticeship Indentureship Program. ICBA indentures apprentices directly to the association, similar to CHBA-BC's capabilities. Policies, procedures and processes were reviewed.

Kevin Fletcher met with Bob Whitaker of the Industry Training and Apprenticeship Commission to set out a discussion paper to serve the needs of both of our groups.

A proposal from Chris Mattock regarding a Building Envelope Course was presented by Keith Sashaw and Chris Mattock to CMHC and the HPO. Development costs are \$150,000, however, CMHC is not prepared to fund the entire amount, although they are fully supportive of the concept.

Construction Law in Prince George was successfully held with 17 participants. Prince George was very pleased with the attendance and the presentation. South Okanagan will hold this seminar in the Fall.

The Fall 1999 and Spring 2000 course calendar has been scheduled. Information on upcoming Fall courses has been inserted into the newsletter. It was hoped that these courses would have been marketed through the BCIT Calendar, however, contractual agreements between CHBA-BC and BCIT have not yet been signed.

The capabilities of video conferencing are being investigated as a viable course delivery option. It is likely that the Soils and Foundations course may be tested using video conferencing. Local association executive officers have been asked to provide input into participating.

All Registered Housing Professionals are undergoing an audit to maintain their designations. Many RHP's have not taken the Building Code Update course. BOABC has extended an opportunity to deliver this course. It was suggested that video conferencing could be an option. CRB's will be required to provide

new warranty provider information when renewals occur. It was reported that CRB Les Shuert was approved for reinstatement as RHP per CRB subcommittee.

It was questioned why the HPO doesn't make membership in a credible organization a necessity. It was answered that the bar has to be raised incrementally. It would be a better suggestion to talk to warranty providers regarding membership.

b) Director of Education - funding request

Keith Sashaw met with Shayne Ramsay. The funding request was neither negatively nor positively received. The concept of a Director of Education is to obtain a management position at CHBA-BC: someone who can develop opportunities and build linkages and partnerships with training institutions. Keith asked for an immediate response from Shayne.

c) Housing Tech 2000 Proposal

Housing Tech 2000 has been scheduled for March 18, 1999 at the Sheraton Guildford Hotel in Surrey. A modification will be made to the format to drop the all-day session. This will either be substituted with a local plenary speaker or an extra set of sessions.

A proposal has been put forward to roll over the Housing Technical Forum into the Home Builder and Renovator Expo and Buildex. This will be an excellent opportunity to raise the profile of our Association, as well as attract more attendance. There will be a considerable reduction in expenses, with greater promotional opportunities.

Doris Penner motioned and Doug Penzer seconded to accept the proposal to work with the Expo and Buildex. All were in favour. The motion was carried.

d) Stucco Course

The BC Wall and Ceiling Association is delivering a course on the application of stucco and have asked CHBA-BC for our participation in joint venturing.

Bob Switzer had some serious concerns regarding the techniques, and Doug Penzer stated that he is not comfortable with endorsing this without knowing if some concepts have been changed.

Bob Switzer will contact Gregg Lowes for clarification.

e) HPO Course

Keith Sashaw advised that Bob Kuhn has charged \$4000 for \$14,000 worth of services for the HPO seminar delivery.

f) Warranty Materials

New Home Warranty has provided CHBA-BC with its' Building Insight news bulletin. The bulletin holds useful information, and perhaps there may be an opportunity to distribute information to our members. It was suggested to refer this issue to the Technical Advisory Committee to determine the best way of distribution.

9. Technical Advisory Committee

a) Update on Activities

Doug Penzer reported that he has been involved with various teleconferences regarding the rewrite of the CHBA Builders Manual. The R-2000 Program has been receiving positive comments from Ralph Goodale, the federal minister, who is looking for a solid and definitive marketing plan.

b) **BERC**

The Building Envelope Research Consortium originated with CMHC under Don Hazleden. They are currently looking for sponsorship to fund on going research.

Although we don't have the money to fully support BERC, it is important that CHBA-BC support this cause. It is possible for us to support in-kind in disseminating information and lending our expertise. It was recommended that CHBA-BC support BERC at a Supporter level for \$500.

10. **Membership / Benefits**

a) *Update*

The latest membership count was included in the package. It was suggested that it would be helpful to add another column that show what the last count was, so that is easier to monitor.

b) *Membership Recruiter*

Keith Sashaw and Colleen Watts met with GVHBA and George Crowhurst. A job description will be developed and Ralph Kison will be assisting with the outline for a compensation package.

It was reported that there may be some members of GVHBA who may be interested in the position.

11. **Housing Issues Conference**

Harbinder Kainth Jassal provided an update on the Housing Issues Conference. A draft program and potential topics was sent out for review to the Board, local associations and other associations, as well as the Ministry of Municipal Affairs. Comments are due back on May 20th.

CMHC is eager to cooperate with CHBA-BC in joint promotional opportunities.

12. **Strategic Plan**

Keith Sashaw reported himself, Doris Penner, Doug Penzer and Harbinder Kainth Jassal had drafted a new mission statement, values statement and future vision. There were some minor amendments made to the mission statement. The next step is to identify our challenges and opportunities. It is our intention to have a framework for the strategic planning sessions for the July Board Meeting, and have a facilitator guide us through the process.

13. **Correspondence**

a) *Oh Boy Productions Proposal*

Keith Sashaw reported that Stuart McNish has approached CHBA-BC regarding a leaky condo video. It was questioned who else will be sponsoring the video. The script of the video aligns us with a negative side, however, this may also be an opportunity to counter. CHBA-BC cannot afford to contribute (\$5000) financially anyway. It was recommended that CHBA-BC respond that we can't provide financial resources, however, we would be pleased to provide expertise.

b) *Letter from Jenny Kwan*

A letter was received from Minister Jenny Kwan proclaiming April as New Homes Month. Georgie sponsorship is still pending. It was suggested that the sponsorship issue be raised at the June 1st meeting.

c) *COCA - WCB Update*

COCA has requested that CHBA-BC lend our support on the issue of ERA. There was no disagreement on the letters.

Gary Senft noted, as representative to COCA, that many of the issues that are discussed at COCA do not play a big part in the overall budget for small builders.

d) *Budget Process Review Panel*

Correspondence was received requesting our assistance on how the budget should be developed and reported. It was recommended that we deny this, since we are not experts in this field.

e) *Media Link*

It was recommended to not pursue this.

f) *CMHC Sprinkler Report*

CMHC has just released their Sprinkler Report. GVHBA has just sent a press release out. It is important to bring this to the attention of municipalities who already have by-laws regarding sprinklers. This issue should also be brought to the attention of UBCM. Extra copies will be ordered from CHBA-National.

g) *Business Forum with Local Government*

Keith will contact Suzanne Veit regarding this forum. CHBA-BC received this correspondence via a marketing company.

14. *Adjournment*

There being no other business, President Doris Penner adjourned the meeting at 1:25 pm.

:hkj



MEMORANDUM

Date: August 5, 1999

To: Board of Directors
Executive Committee
Local Association Executive Officers
Committee Chairs
Bob-Kuhn
CHBA-BC Staff

From: Keith Sashaw

Subject: Items Enclosed

Enclosed are the following:

- Minutes of Board Meeting of July 10, 1999
- Nomination Forms for Awards
- Minutes of Executive/Georgie Meeting (for Directors only)
- Housing Issues Conference Registration

Please contact Harbinder Kainth Jassal if there are any corrections to be made to the minutes or for further information on any of the above.

The next Board Meeting will be held on Saturday, October 30, 1999 at the Hyatt Regency Hotel, along with the Annual General Meeting. A memorandum was sent on July 28, 1999 advising Locals of the Appointments to the Board. Please ensure that this information and the Consent to Act forms are forwarded to CHBA-BC as soon as possible.

The Housing Issues Conference will be held on Friday, October 29th. Be sure to register early. That evening, the Association Awards Dinner will be held to honour award recipients. Plans are underway for a fun and exciting Murder Mystery. Tickets will be available shortly. Details will be sent to you.

Please feel free to contact myself or Harbinder at the office for further information.

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Board of Directors Meeting Minutes July 10, 1999, Burnaby, BC

1. Welcome and Introductions

President Doris Penner welcomed everyone at 9:05 am. Introductions were done around the table. Keith Sashaw provided an overview of distributed materials.

2 Adoption of Agenda

Gary Senft motioned and Herman Rebneris seconded to adopt the agenda as presented.

Keith Sashaw added the signing of the appointment of the Records Office after the President's Report.

3 a) Approval of the Minutes of March 5th

George Kelly motioned and Leigh Grelish seconded to approve the minutes of March 5th Board of Directors Meeting. All were in favour. The motion was carried.

b) Approval of the Minutes of April 6th

George Kelly motioned and Bruce Siddall seconded to approve the minutes of April 6th Board of Directors Meeting. All were in favour. The motion was carried.

4. Presentation from BC Gas

Jack Touhey made a presentation to the Board regarding the activities of BC Gas.

Keith expressed the Board's appreciation to BC Gas for their continued sponsorship during the Board Meetings.

5. Strategic Planning Session

Jeff Loucks facilitated a CHBA-BC strategic planning session.

Eleven priorities (listed in priority order) were identified for the Association:

1. Budget - profitability/fiscal responsibility
2. Government Liaison / Lobby - industry image
3. Education and Training at local levels
4. Emphasis on membership - services
5. Promotion of CHBA - image enhancement, consumer education
6. Non dues source of revenue
7. Communication - three way
8. Roles & Responsibilities of Staff & Board articulated
9. Long / Short Term Planning

10. Enhance provincial services to locals
11. Demarcation - issues are not duplicated

It is important to follow through on what to do with the priorities. There is a need for actions, measurements and accountability. A work group was established consisting of Jeff Loucks (chair), Doug Penzer, Rex Leonard, Sharon Slager, Ray Wynsouw, Balbir Raiwal, Peter Henderson, Eric Gerrits, Keith Sashaw and Peter Simpson.

6. Presidents' Report

In the interest of time, there was no President's Report.

Greg Constable motioned and Herman Rebneris seconded to *appoint Kuhn and Company as the records' office for the purposes of the Society Act*. All were in favour. The motion was carried.

7. Treasurer's Report

a) Current Financial Statements

Rex Leonard presented the current financial statements as of May 31, 1999.

The Association's financial statements are in a consistent pattern compared to previous years. There are considerable outstanding receivables. \$80,000 of monies has been received from RCI since the statements were prepared.

Membership dues are a key financial indicator. Georgie revenues are unknown at this time.

Georgies are hard to predict at this time, but will become predictable after the entries have been received.

Rex Leonard motioned and George Kelly seconded *the approval of the financial statements as of May 31, 1999*. All were in favour. The motion was carried.

b) 1999/2000 Budget

It is important for the Board to provide input into the Budget. It was discussed that a budget is a mechanism to control costs and an authority to spend.

Membership numbers were confirmed by each local.

It was discussed whether past performance should be reviewed to prepare the budget, in terms of membership. It was questioned whether the HPO licensing will affect our membership numbers.

It was commented that it would be fiscally responsible to use last year's actual numbers.

It was noted that this budget will be revisited every month.

There was a vote whether the amount should be \$180,000 or \$172,000. The amount chosen was \$172,000.

It was noted that salaries had not been previously included in the Georgie budget. There is a separate salary cost for part time assistance.

\$25,000 has been received from the HPO for sponsorship, and it is optimistic that the overall sponsorship target will be met. A sponsorship consultant was hired for \$17,000 on the basis that the HPO sponsorship would be confirmed.

In a telephone survey, entry numbers are consistent with last year's. The budget is predicated on a 20% decrease in numbers.

CHBA-Kelowna views the Thompson-Okanagan Awards as a marketing tool, and it is not intended to be a moneymaker. The production budget is \$25,000. The ticket price is \$75 and judging costs are \$1500.

The CHBA-Victoria CARE Awards do make money. Staff time is allocated, and a project coordinator is hired from the awards budget. Sponsorship raised is \$38,500. 261 people attended the Awards Evening. 111 entries were received.

Greg Constable motioned and Eric Gerrits seconded *that given the risk factor of the Georgies, that the show must break even with budget, therefore, the Board must approve participation on an annual basis.*

Eric Gerrits stated that the Georgies allow for a lot of public exposure and credibility, however, it has been operating at a loss. If we're not making money, we shouldn't be doing it.

Ray Wynsouw commented that for the Thompson-Okanagan Awards, every \$1 received gives authority to spend 75 cents.

Doris Penner noted that there is a 2-year contract with Van Keken.

Peter Simpson suggested trying a different format, such as a theatre-style format. There was also some concern expressed regarding the American judges.

Steve Kurrein questioned whether contracting the Georgies to a private company has been seriously considered, since it may provide a guaranteed minimum amount plus a percentage.

All were in favour. The motion was carried.

There was discussion on what kind of Executive representation is on the Georgies.

Steve Kurrein motioned and Ray Wynsouw seconded *that the CHBA-BC Board approves, on an annual basis, the Georgie Management Committee and Chair.*

Doug Penzer noted that it may be wise for the Executive to bring someone forward.

Jeff Loucks noted that continuity is important on the Georgie Management Committee.

All were in favour. The motion was carried.

Rex Leonard recommended holding a teleconference of the Board to approve the Budget once it has been revised. At that time, the Georgie entries will have been received.

Jeff Loucks questioned what the processes of budgeting will be in the future. What type of approach will be used and what the core expenses are.

Rex Leonard explained that the membership dues will pay for core services. There will be a system of accountability in the new budget. Funded monies will be earmarked for specific activities. Grants would also be restricted funds.

Wayne Davis motioned and Herman Rebneris seconded *that the delineation of core activities and program activities, as indicated in the Budget, is supported by the CHBA-BC Board of Directors.*

Steve Kurrein noted that in any program budget, the costs should be produced on a variable basis. In principle, does the program have any positive benefits? Is it worth it? The fundamental marginal costing should at least cover the fixed costs. Look at the opportunity cost.

All were in favour. The motion was carried.

Greg Constable noted that if membership dues are budgeted at \$172,000, then the remaining \$28,000 could be applied to the deficit.

Ray Wynsouw questioned what was left in the RCI account.

Trusha Pandit explained that \$180,000 is in the accounts. Approximately, \$90,000 is owed to CHBA-BC from last year.

RCI will not lose the monies to NHW creditors.

Doris Penner stated that CHBA-BC has not made the request yet for the funds. The Executive Committee chose to leave the \$90,000 for a "rainy day".

Bob Rasmus questioned whether we ask that the Georgies expenses be cut by 10%.

Rex Leonard stated that if the issue is not having a deficit budget, then the current budget would show that the Georgies would spin off \$20,000.

Doug Penzer and Wayne Davis motioned *that funds received by RCI are put into a separate fund and not in CHBA-BC's general revenues.*

Monies received by RCI were used for policy development and education and training.

All were in favour. The motion was carried.

It was questioned whether the Association could continue its activities without the approval of the Budget.

Greg Constable motioned and George Kelly seconded *to allow CHBA-BC time to revise and ratify the budget and approve the budget based on the interim budget proposed, until September 1st, 1999.*

All were in favour. The motion was carried. Mike Ohman abstained.

Wayne Davis expressed concern over expenses. How can expenses be cut?

Eric Gerrits suggested that the Executive review the operations of CHBA-BC and requirements of staff job descriptions.

Keith Sashaw commented that there are concerns with the reduction in staff and viability of maintaining the same level of service, as well as achieving the five priority items identified. A rigorous review has been done of offices processes and resources. Travel has been greatly reduced.

Herman Rebneris questioned whether a Finance Committee should be established.

No financial aid is available from National.

It was agreed that we must do business as a business. We will not be here next year if we don't make some hard decisions now.

Eric Gerrits motioned and Herman Rebneris seconded *to allow the Executive Committee to completely analyze the operations of CHBA-BC, as well as review job descriptions, salaries, expenditures and set expectations.*

Dennis Woodward amended the motion and Greg Constable seconded *to include that all minutes of the Executive Committee are sent to the Board.*

Steve Kurrein questioned whether salaries are at market levels, and also questioned what will be looked at that hasn't been already reviewed.

All were in favour. The motion was carried.

8. Presentation - Homeowner Protection Office

Doris Penner thanked Shayne Ramsay for attending.

Shayne Ramsay provided an update regarding the Homeowner Protection Office. 150 licenses have been issued, and 100 applicants are awaiting warranty. The warranty companies will be collecting the HPO fees.

The next step is licensing renovators and building envelope specialists.

700 loans have been issued amounting to approximately \$13 million. Total repairs equal \$300 million. A PST Relief grant was announced by the Premier and Minister last week.

Ray Wynsouw asked whether there is any funding available for education. Shayne responded that the HPO has published a "Buying a New Home" Guide, as well as some research projects. There is some work with municipalities regarding zoning and planning. In terms of builder education, CHBA-BC's Builder Tool Kit will be used.

Herman Rebneris questioned when the education and training requirement for licensing would be implemented.

Steve Kurrein questioned whether funds were available at all levels of locals. Shayne responded that monies are available for worthwhile local association activities.

Harry Feather questioned why there are no warranty providers on the HPO Advisory Council, and the response was that warranty companies are private businesses. There is equal representation from all facets of the construction industry.

It was reiterated that if a builder has met the criteria, a license will be issued.

Allen Creuzot expressed concern with the owner builder disclosure, specifically the omission of putting a title on the property.

Shayne Ramsay expressed disappointment with Land Titles Office, and noted that the HPO is trying to establish its own registry of owner builders on their website.

Several members of the board encouraged the HPO to reestablish discussions with the Land Titles Office.

Herman Rebneris thanked Shayne for the technical bulletin sent to him, and wondered whether a building inspector would notice that.

It was further discussed how the HPO will take action against owner builders. Shayne mentioned that investigations will be taking place. Also, there will be cooperation from banks since they want to see a warranty in place. Violators are subject to fines and/or jail.

9. Housing Awards

a) Georgie Awards

A written report was included in the Board Package.

There was discussion regarding expenditures of the Georgie Awards. It should be budget-driven. It was explained that the judging costs in 1997 were much lower because the producer of the show was also the judging coordinator.

Keith Sashaw mentioned that Doug Wilson, Chairman, fully understands the situation, and is committed to reducing costs within the budget. Keith will discuss these concerns with Doug.

It was agreed that concern must be justified.

Jeff Loucks motioned and MJ Whitemarsh seconded that, *as the board of CHBA-BC is concerned about its current financial situation, it is moved that the Executive Committee meet immediately with the Georgie Management Committee to review any or all means to effect savings in the 1999 Georgie Budget.*

All were in favour. The motion was carried.

b) CARE Awards & Thompson Okanagan Awards

It was reported that the CARE Awards were successful, and coordinators were pleased with the outcome.

CHBA-Kelowna also reported that the Thompson Okanagan Awards are on track. The Awards will be held on September 1st. Sponsorship is tremendous.

10. Housing Issues Conference

The Housing Issues Conference is being held on Friday, October 29th. The program is being finalized, and registrations are starting to come in. Gordon Campbell will be the keynote speaker in the afternoon.

The CMHC Housing Outlook Conference will be held on Thursday, October 28th at the Vancouver Trade and Convention Centre.

11. Education and Training

Leigh Grelish reported on the activities of the Education and Training Management Committee, including the undertaking of a new strategic plan.

Leigh Grelish motioned and Herman Rebneris seconded *that CHBA-BC assumes the coordination of indenturing from the Local Associations.*

Local Associations will be contacted regarding their level of activity.

George Kelly noted that he will be sitting on the local steering committee for high school students for apprenticeship training.

All were in favour. The motion was carried.

It was also noted that the Housing Technical Forum will be held on February 29th, 2000 in conjunction with the Buildex Trade Show.

Leigh Grelish motioned and Greg Constable seconded *that the requirement for RHP designation for building code certification be changed from December 31, 1999 to completing the requirement as of December 31, 2000.*

Peter Simpson noted that there is a potential revenue source for renovation courses at the local association level, and questioned why CHBA-BC was pursuing this. Bob Rasmus will discuss this issue with the Renovations Committee.

All were in favour. The motion was carried.

12. Renovation Committee

Bob Rasmus reported that a report of the Renovation Committee was included in the Board Package.

13. Membership Report

Keith Sashaw mentioned that information regarding Cantel discounts has been mailed to members.

The ICBA plan is going well.

It was noted that London Guarantee has entered into a special membership discount agreement with ICBA. London Guarantee has approached some of our local associations for exclusive benefits. It was agreed

that this could be an opportunity to enter similar deals with other warranty providers and a big opportunity to increase membership.

Herman Rebneris motioned and Gavin Parsons seconded that CHBA-BC, as the provincial organization, move to ratify the membership discount benefit from London Guarantee.

All were in favour. The motion was carried.

13. Membership Recruiter

There was discussion regarding the concept of a full-time commissioned salesperson to recruit members. As part of the deal, CHBA-BC is prepared to forego the first year's dues.

Membership is critical, and it is necessary for a professional full time membership recruiter who can sell. The disadvantage is that in the past, we have relied on members recruiting members.

GVHBA is eager to proceed with this issue.

However, in light of financial circumstances of the Association, can CHBA-BC afford to forego the first year of membership dues.

Ray Wynsouw stated that this issue was brought up at CHBA-Kelowna, and the concern was that it would be a high-pressure sales environment. The new member must be a member for three years to fully receive the dues.

Jeff Loucks questioned where this issue fits within the Board priorities, and Bruce Siddall questioned what happens to the Rooftopper designation.

MJ Whitemarsh stated that it would be an excellent time to promote ourselves on a one on one basis.

Wayne Davis pointed out that a risk that we incur is that the recruiter will not know the builder reputations and credibility. There are some builders we don't want as members of the Association.

Gary Senft stated that it is imperative that we push on the HPO to make it mandatory that every licensed builder must be a member of a credible organization. This will allow us a greater membership base. CHBA-BC can take advantage of the good liaison between Shayne Ramsay and the government.

It was also noted that once we offer substantial membership benefits, the natural progression of membership will occur.

The professional recruiting will take place in one specific market.

Steve Kurrein motioned and Herman Rebneris seconded that the Board authorizes GVHBA to engage a membership recruiter and CHBA-BC agrees to waive \$100 for every new member that the recruiter brings in for the first year.

It was noted that the agreement will be for one year, with a review process.

It was questioned why the Board must vote on GVHBA's activities.

All were in favour. The motion was carried. Doug Penzer abstained.

14. Executive Officers Council

Mike Ohman motioned and Ray Wynsouw seconded *that the Homeowner Protection Office become a member of all CHBA-BC's local associations upon ratification at each local, according to their bylaws, from July 1, 1999 to June 30, 2000.*

All were in favour. The motion was carried.

15. Technical Advisory Committee

Doug Penzer reported that comprehensive bulletins will be sent from the Technical Advisory Committee to the Local Associations.

Congratulations to Doris Penner for her acceptance from CHBA-National to build an Enviro-Home.

A report was distributed at the Board Meeting. A schematic was accompanied outlining the structure of the committee.

16. House Race 2000

Ray Wynsouw reported that CHBA-Kelowna is seeking endorsement from CHBA-BC to host a House Race 2000.

Concern was raised that houses that are built in a day do not demonstrate professionalism.

Doug Penzer questioned whether a timetable had been set, and whether it would be too late to bring it forward at the next board meeting.

Ray Wynsouw motioned and Balbir Raiwal seconded *that CHBA-BC Board endorses Ian Baizley of CHBA-Kelowna to put forward a proposal for the October Board Meeting.*

All were in favour. The motion was carried.

Herman Rebneris questioned whether CHBA-BC was pursuing a millennium project.

17. Other Business

Doris Penner thanked Trusha Pandit for her support of the Association over the last 6½ years, and most especially during these past few weeks. Her input and dedication was most appreciated.

18. Adjournment

There being no other business, the meeting was adjourned at 5:35 pm.

:hkj



July 10, 1999 Board Meeting - Attendance

Executive Committee

Doris Penner
Doug Penzer
Gary Senft
Jeff Loucks
Bob Switzer
Rex Leonard
Peter Schultze
Gavin Parsons

CHBA-Cowichan Valley
George Kelly

Fraser Valley HBA
Peter Henderson
Walter Martens
Balbir Raiwal
Bud Saunders

Greater Vancouver HBA
Steve Kurrein
Peter Simpson
MJ Whitemarsh
Dennis Woodward

CHBA-Kamloops
John Barth
Harry Feather

CHBA-Kelowna
Linda Hiemstra-Phillips
Mike Ohman
Ray Wynsouw

CHBA-Nanaimo
Greg Constable
Tricia Preston

Prince George HBA
Allen Creuzot
Bruce Siddall
Sharon Slager

CHBA-South Okanagan
Eric Gerrits
Rhonda Williams

CHBA-Victoria
Pat Caporale
Wayne Davis
Marilyn Lee
Herman Rebneris

CHBA-BC
Harbinder Kainth Jassal
Trusha Pandit
Keith Sashaw

Committee Chairs
Leigh Grelish
Bob Rasmus



Canadian
Home Builders'
Association

BRITISH COLUMBIA

MEMORANDUM

Date: July 5, 1999
To: Executive Committee
From: Keith Sashaw
Subject: Minutes

Please find attached minutes of the Executive Committee Meeting held on June 24, 1999.

Information regarding the next Executive Committee Meeting will be faxed to you.

Please advise Harbinder of any corrections to the minutes.

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Executive Committee

Minutes of June 24th, 1999

<i>In Attendance:</i>	Keith Sashaw Doris Penner Doug Penzer Bob Switzer Rex Leonard	<i>Teleconference:</i>	Gary Senft Peter Schultze Gavin Parsons
		<i>Recorder:</i>	Harbinder Kainth Jassal

1. Welcome and Introductions

President Doris Penner welcomed everyone and called the meeting to order at 10:15 am. Peter Schultze motioned and Gavin Parsons seconded to adopt the agenda as distributed. Peter Schultze motioned and Bob Switzer seconded to approve the minutes of the May 18th meeting.

2. Financial Statements / Budget

Rex Leonard and Trusha Pandit reported on the current financial statements.

Doris Penner recognized the tremendous amount of work that Trusha Pandit has done in preparing the budget and financial statements.

Rex Leonard reported that there is a working capital problem. Receivables are higher than before, and Georgie prepaid expenses are lower than before.

It was reported that CHBA-BC is not drawing on the bank operating line.

Expenses are in line. It was noted that we must adhere to the budget completely, otherwise it will not work.

There is a projected deficit at the end of this year. If membership dues are received before June 30th, then they can be included in this year-end.

Rex noted that all bad debts should be cleared by now. It was recommended that any receivable over 8 months should have a bad debt allowance. This will give us a clearer picture of what is owed as a receivable.

It was noted that outstanding accounts have been pursued by staff. All local associations should be contacted regarding their overdue accounts.

It was questioned why sales for Georgie tickets are lower this year than last year. This may be due to a number of factors: low housing starts, lower number of entries, the Call for Entries going out one month later. These factors have been reflected in the budget.

By July 15th, we will know the number of entries, as well as the level of sponsorship dollars raised. It was questioned that if we don't have the participation, can we downscale? We are able to mitigate some of the losses, however, we will not be able to cancel the Georgies this year.

It was noted that we should be operating on a \$30,000 or \$40,000 surplus to see us through cash flow.

Peter Schultze suggested raising membership dues by \$50.

Budgeting has been done as detailed as possible identifying expenditures as close as possible. The difference lies in the allocation of salaries within the departments and defining the core expenses. Cash flow is crucial.

There have been no radical changes, however, expenses have been pared down. Rex pointed out that there is a risk that the staff will be covering too many areas, and attempting to do too many jobs.

It was noted that Meeting Pro is not budgeted under computer purchases. It was questioned whether student records were necessary. It was agreed that Meeting Pro would not be purchased and alternative software would be explored.

It was questioned what the main thrust of the association is, if not to serve our members.

It was recommended that the budget be sent well in advance of the Board Meeting so that members have adequate time to review.

Rex mentioned that as the Georgies and other activities unfold, this budget is a living budget, and sets the direction. It will probably be necessary to revisit the budget mid-term.

It was suggested that the Executive lead the Board, so that they can make the critical steps. Rex Leonard will prepare a cover letter to make everyone aware of the financial situation.

It is important to be specific to the Board, and give good direction.

Peter Schultze questioned if we are in a deficit position, then how much in membership dues could be raised to get us out of the deficit position. The easy way out is to raise dues; however, our intention is to attain the zero budget. A membership dues increase is not built into the budget.

It was noted that directors and liability insurance has been sent for review to Bob Kuhn.

3. Government Liaison

a) Homeowner Protection Office

Doris Penner attended the inaugural meeting of the HPO Advisory Council at which 13 people attended from various associations. It was moved by those in attendance to nominate Shayne Ramsay as Chair, as there were many different agendas from each association.

A plan is in development to assess what is happening in education and training, and research.

The next meeting will be held on July 21st. Doris mentioned that many associations are moving forward to propose that the HPO funds for education and training should flow to their respective organization. It was suggested that we put forward our case. It was suggested that the money could be divided proportionally among union and non-union built projects per unit.

It was recommended a formal letter be sent to Shayne Ramsay regarding the Owner Builder Disclosure Notice. On the final version of disclosure, it does not state that the property has to be on title, as previously proposed. Keith mentioned that in discussions with Shayne, the reason may be that the land registry is opposed to allowing such disclosures on title.

Keith noted that the warranty applications for all of the warranty providers have been sent to Bob Kuhn for his review and legal opinion.

As of today, there are 66 licensed builders on the HPO website.

b) Bill 58 - Pension Benefit Standards Amendment Act

Keith Sashaw reported that a letter had been sent by the Coalition of BC Businesses regarding the Pension Benefits Standards Amendments. CHBA-BC will support the position of the Coalition.

c) Appointment to Business Task Force

Keith Sashaw reported that Peter Simpson had recommended that Jake Friesen of Qualico Developments be considered to sit on this Task Force. He will be contacted regarding his level of interest.

It was also suggested that Bill Pameta also be contacted.

It is an honour that CHBA-BC has been asked to sit on this task force. It was made clear that participation on the task force does not endorse the government, however, it is important to attend and be a contributing member.

It was further suggested that the committee members have a good knowledge and understanding of CHBA-BC's positions on certain issues. Also, the information that they gain needs to be given to CHBA-BC. A letter will be enclosed outlining members' responsibilities.

d) Letter to Prime Minister re "Leaky Condos"

A letter was written to CHOA regarding our position calling on the federal government for financial relief for leaky condo owners.

The letter was reworked, with comments from John Kenward, to be sent to the Prime Minister. This is consistent with our commitment to CHOA. Copies of the letter will be sent to the MP's and CHOA.

It was recommended that an appeal be made to the provincial government. It is also necessary to define financial aid. It was agreed that a similar letter be sent to the Premier.

It was also suggested to write a press release to announce that a letter was sent.

e) *Liberal Party Housing Policy*

Bob Switzer reported that he had made contact with the Province of Alberta, who have done good work in cutting red tape and regulatory burdens. Follow up will be done. Bob will follow up. Dennis Woodward has also expressed interest.

f) *Proclamation of Renovations Month*

It was agreed that CHBA-BC proceed with Renovations Month.

g) *The Ziola Proposal*

Keith reported that Neil Ziola and Bill Strain are trying to establish a system for reconstruction of leaky units to cover owners who are no longer covered by NHW. The intent is to establish a corporation that would receive quotes from strata corporations and handle mediation. The funding would be from the reconstruction fund, and a Board of Directors would be established.

There is growing support for this concept, as the strata corporations don't know who to believe and who to trust; they are at the mercy of building envelope specialists.

h) *Warranty Providers up-date*

Keith Sashaw reported that the resolution was worked through at the Board Meeting. A cover letter was sent expressing our concerns, and reiterated concerns regarding financial capacity and the level of commitment to education and training.

Bob Kuhn has agreed to review the warranty documentation, identifying financial commitments and exposures on the part of the builder.

It was questioned how many applications had been put forward through London Guarantee and National Home Warranty.

4. *Education and Training*

a) *RHP re-qualification*

Lisa Washbrook has resigned her position at CHBA-BC to work at London Guarantee. She is still quite interested in maintaining contact with CHBA-BC

Each year, Registered Housing Professionals pay \$75 to maintain their designation. This year, the condition was enforced to take on-going training, and specifically to take a Building Code Update course. There was a general feeling among RHP's that the course was a waste of time. It was suggested that RHP's be automatically renewed, regardless if the update course was taken. If the course was taken, then the fee will be waived for next year.

It was further suggested that the Association could also offer Richard Kadulski's Building Code Changes book.

Bob Switzer commented that this is the thin edge of the wedge. CHBA-BC is reducing its income, however we are sending message that if we require a mandatory course, and if that wasn't to the members' satisfaction, that money can be refunded. We, as an organization, can require an update, as education and training is an important component of our mandate.

Bob Switzer noted that the BOABC felt the update course was a good course.

Keith noted that the stipulation is that six hours of professional development is mandatory. There must be value in the RHP. The integrity of the program is important.

It was suggested that the fee not be waived for those who took the course, since it counts for the professional development. It may be necessary to review what qualifications are required, and stipulate what type of professional development is acceptable.

It was recommended that a positive spin be put on the situation. It is important to recognize the benefits of professional development, specifically the Building Code Update course. Although the update course was important, CHBA-BC did not feel that it best met the needs of our builders. For those that didn't take the course, we recommend that they purchase the book.

It was agreed that Keith, Doris and Bob will review the process and propose recommendations.

b) E & T Strategic Plan

Keith reported that a meeting will be held on July 6th to discuss the strategic plan. There have been some interesting proposals presented by BCIT, which incorporates our CRB program as part of the certificate/diploma programs. Advantages of the BCIT proposal are that there is flexibility, timing, good instruction and delivery. Course costs probably would be increased. There is also discussion regarding a multi-family builder designation.

c) Housing Tech Forum 2000

Housing Tech Forum has been scheduled for Tuesday, February 29th, 2000. The proposal to combine this with the Trade Show was accepted by the Executive. The new proposal and budget will be reviewed by the Executive.

A disadvantage with holding the Forum on a weekday is that it may be a problem for out-of-town attendees.

The trade show organizers will be doing a lot of promotional material, and will be cross marketing our Forum. The Trade Show has assured us that it will not be offering courses or seminars that are in direct competition with us.

It was recommended that instead of sending out our mail out of 5000, to save costs, we should send a stack to the local associations for distribution, as well as a fax out to the membership.

In regards to the budget, the breakeven point should be the goal, because of our financial circumstances. Allocating the salaries will make a difference.

Certainly, the profile of the association and membership services will increase by tying it in with the trade show.

It is critical that there is input from the TAC. Doug Penzer questioned where the TAC and E&T committees are separated, if they are at all.

d) *ICBA - Industry Sector Advisory Group*

Keith reported that ICBA is calling for the establishment for an Industry Sector Advisory Committee to act as a sounding board for the development of programs for ITAC. ICBA is requesting interest from CHBA-BC for the establishment of this type of committee.

It was agreed that CHBA-BC should participate, and will name a representative at a later date.

5. *Technical Advisory Committee*

Doug Penzer reported that there is good participation on the committee. There is interest from the HPO and London Guarantee to sit on the committee. National technical activities are in progress. Doug commented that the structure of the committee and its' role among education and training will be reviewed.

6. *Georgies Up-date*

Colleen Watts reported on the Georgie Awards. A written report was provided to the Executive. In addition, Colleen reported that an early-bird price for early entries is under consideration.

The Ministry of Municipal Affairs will not be sponsoring the Georgies, as the HPO has already confirmed its' sponsorship.

7. *Membership reports*

Colleen reported that the membership reports are up to date. It was also noted that the current membership database is not Y2K compliant.

8. *Housing Issues Conference*

A brochure was distributed to the Executive regarding the Housing Issues Conference. Gordon Campbell has been confirmed as the lunch keynote speaker.

9. *Constitutional Review*

Keith Sashaw noted that there has been discussion regarding the formation of the Executive Committee, the term of office and other constitutional issues.

It is the intent to have the constitutional amendments in place by October. There must be 21 days' notice of the Annual General Meeting.

10. Board Meeting discussion

The Board Meeting has been scheduled for Saturday, July 10th at CHBA-BC. The President's and Executive Officers will have their own respective meetings on the evening of July 9th.

Jeff Loucks will be leading a 2-hour strategic planning session. It was noted that it will be a full agenda, and that Board Members should expect to stay until 6:00 pm.

It was requested that Keith Sashaw attend the EO meeting.

11. Correspondence

a) *BC Business Summit - request for funding*

It was agreed not to make financial contributions to the BC Business Summit.

b) *CMHC response to letter re: operations*

A letter from Jim Lynch of Canada Mortgage and Housing Corporation was received in response to our concerns over operations in Kamloops. The letter will be sent to all local associations.

c) *CHBA Kelowna - House Race 2000 Proposal*

It was agreed that these type of project lower the value of quality of home building. Keith will send a letter declining participation and support.

d) *CHBA National Conference*

The CHBA National Conference will be held in Victoria in 2002. Dave Metcalf had expressed interest in forming the Host Association organizational committee.

e) *CHBA BC Mission Statement / Future Vision/ Code of Ethics*

This document will be circulated at the Board Meeting.

12. Adjournment

There being no other business, the meeting was adjourned at 2:00 pm.

:hkj

Notes of Executive & Georgie Meeting - July 16, 1999

In Attendance:

Keith Sashaw	Doug Wilson
Colleen Watts	Gary Senft
Doug Penzer	Bryan Shrake

Keith Sashaw explained that the Georgie Awards Program is of major concern to the Board, and noted the Board suggested the Executive meet with the Chairman of the Georgies to discuss these concerns.

The Board believes the Georgies present a great financial exposure, and that steps should be taken to ensure that the Awards are a viable program for the Association, as well as ensuring that communication lines are in place.

Gary Senft noted that a fear is that the Georgies is taking on an entity of its' own, which may be a liability to the Association. This meeting is definitely not intended to be critical of the Georgie Management Committee and to undermine the time and effort of volunteers.

Doug Penzer commented that as the Executive is looking at trimming the budget, any ideas or suggestions would be welcomed.

Doug Wilson noted that many of the Georgie expenses have already been committed.

It is further noted that the budget is a working budget. Since the original budget was developed, there has been a significant change in that it now including staff salaries, which are not previously included.

The reason that printing costs were high was due to the extra pages in the Call for Entries, resulting from the sponsorship recognition of HPO. Losses were mitigated as last year's design was used for this year.

Bryan Shrake questioned where there can be any reductions. A lot of traditional "volunteer" work is now done by staff. It was noted that given the current climate, it is difficult to get volunteers.

There was general agreement that expenses shall be cut back as soon as possible.

Doug Wilson noted that due to timing, some expenses cannot be shaved.

Doug Wilson reported that a sponsorship consultant was brought aboard because volunteer time is scarce. It was necessary for the consultant to "earn" her commission first before moving forward to secure other sponsorships.

Gallery costs were clarified, and it was reported that options and alternatives are being reviewed.

Bryan Shrake suggested recruiting volunteers from our sponsor companies.

The relationship between Pacific Press and CHBA-BC, specifically volunteer participation, was discussed. It was noted that without the financial support from the Vancouver Sun, the Georgies would face an uncertain future.

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It was noted that the committee that needs volunteers is the Sponsorship committee. The volunteers must be hardworking and committed, who do what they say they are going to do.

Bryan Shrake suggested that the expenses for the production of the show be reviewed. The perception of most of the people attending will be the same, regardless of the amount spent on production. The question to ask is whether the price of a ticket can be justified by the calibre of the show.

Doug Wilson commented that he and Colleen have reviewed the budget, and as a result, even with staff salaries included, there is a \$5000 surplus. Doug Wilson also reiterated that Executive members sit on the Georgie Management Committee, and that no decision is made without input from others.

Keith Sashaw concluded the meeting, hoping it will allay concerns amongst the Executive and Board as to the Georgies.

Doug Wilson stated that he is confident that the budget will be met successfully.

It was recommended that information on the number of Call for Entries should be sent to the Executive and Board.

:hkj



Canadian
Home Builders'
Association

BRITISH COLUMBIA

MEMORANDUM

Date: November 10, 1999

To: Executive Committee

Reply from:
(check name)

☐ Doug Penzer
☐ Doris Penner
☐ Gary Senft

☐ Rex Leonard
☐ Peter Schultze
☐ Doug Wilson

☐ Jeff Loucks
☐ Bob Switzer
☐ Eric Gerrits

- Jim Thomson

From: Harbinder Kainth Jassal

Subject: Executive Committee Meeting

Please find attached the revised notes of the Executive Committee meeting held on September 22, 1999.

The changes are reflected in 5(b), regarding the Barrett Commission.

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MINUTES

In Attendance:	Doris Penner Doug Penzer Bob Switzer Colleen Watts Harbinder Kainth Jassal	Teleconference:	Jim Thomson Gary Senft Gavin Parsons
		Regrets:	Rex Leonard Jeff Loucks

1. Welcome and Introductions

Doris Penner welcomed everyone and brought the meeting to order at 1:05 pm.

2. Acceptance of Agenda

House Race 2000 was added as an agenda item, as well as discussion on a change in the constitution occurred. Peter Schultze motioned and Gavin Parsons seconded to accept the agenda. All were in favour. The motion was carried.

3. Adoption of Minutes of June 24, 1999

Bob Switzer motioned and Peter Schultze seconded to adopt the minutes of the June 24th, 1999 Executive Committee Meeting. All were in favour. The motion was carried.

4. Financial Statements / Budget

Financial statements, as at August 31, 1999 were distributed at the meeting.

It was reported that an RCI contribution of \$86,000 was received on September 21, 1999.

All costs are in line.

Jim Thomson commented that allegations may be made that there was a close relationship between CHBA-BC and New Home Warranty. It is important to document all education and training initiatives that were funded by RCI.

It was reported that an interim budget was sent by fax to the Board of Directors. Sixteen directors approved the interim budget, and two opposed. The budget will be revised in October.

There will not be an audit this year. The unaudited statements state that the deficit was \$36,000 last year. The true financial picture must be shown, and it should be ensured that receivables are shown.

Doug Penzer motioned and Peter Schultze seconded that the remedial contingency fund be transferred and maintained in the CHBA-BC Technical Account. These funds are going to be used for leveraging other technical programs. All were in favour. The motion was carried.

5. Government Liaison

a) *HPO Update*

Doris Penner reported that the Homeowner Protection Office is in the process of distributing information to owner builders and home warranties. The HPO didn't realize that the issue of owner builders would be such a major problem.

The HPO is trying to follow up on every single owner declaration, and is "catching" them on the footing/framing stage. At that point, they are told to get a warranty and get licensed. It was noted that the policing should be hard, and the message will follow that owner builders are a problem.

A preliminary report on high rise leaks was issued from BERC through their research initiatives. A sub-committee will be formed to discuss changes in the building code.

b) *The Barrett Commission*

Jim Thomson reported on the activities of New Home Warranty and the role of the Barrett Commission. The Barrett Commission appears to be politically motivated, biased, and not really interested in the truth but rather an attempt to lay blame for the Leaky Condo tragedy solely with the industry.

Jim explained that the reason that he chose not to cooperate with the Barrett Commission is because, they, as part of the process of filing for protection and filing the proposal, provided a proper and legitimate legal process for carrying on the kinds of inquiries the Barrett Commission was purportedly interested in. Bob Rusko, as trustee, was obliged to investigate and report on the causes of the failure of NHWP.

In addition to this, the directors of NHWP included a specific provision as part of the proposal that required the inspectors to further investigate the situation as they saw fit. It was my belief and that of the Board of Directors' that the most appropriate people to decide how much of their resources they wished to spend on this exercise was the creditors themselves - not Barrett.

The list of information requested by the Barrett Commission was very onerous and would have involved substantial cost to prepare. Some of the information requested was not readily available and would have required hiring consultants in order to compile it. In addition, it would have taken up considerable time from the few remaining staff to prepare the reports and documentation requested. It was also felt that these resources were far better put to use working on getting the proposal to the first meeting of the creditors and approved. The process of getting buy in from all the various interest groups was very challenging and the whole process almost came off the rails on a few occasions in the time leading up to the first meeting of the creditors. It would have been a travesty for a bankruptcy to occur as opposed to the proposal being approved.

In fact, the proposal came into jeopardy even at the meeting of the creditors.

As a Director of NHW and President of CHBA-BC, Doris Penner was summoned to appear before the Barrett Commission. Also summoned were Neil Ziola, Jim Thomson, Ralph Moore, and David Verge. Doris is expected to bring everything relevant to NHW on Monday morning. The court date has been set for Friday, however, this court date is expected to be postponed.

c) *Correspondence from Lou Sekora*

Correspondence was received from MP Lou Sekora who supports our efforts and is concerned about the lack of intervention of the federal government.

d) *Red Tape Task Force*

It was agreed that we don't have the time to pursue this.

e) *BC COCTA*

It was agreed that we need more information about the BC Council of Construction Trade Associations before attending their meetings.

Bob Switzer pointed out that it may be beneficial for us to be attending some of these meetings that we have been receiving invitations for. There may be an advantage in having a fly on the wall, since there was a reason to be involved in the first place.

f) *Pension Benefits Standards Amendment Act*

A response was received in regards to correspondence supporting the Coalition of BC Businesses.

g) *Liberal Housing Policy*

Bob Switzer reported that he had received some information from the Alberta government. A meeting of the task force should be rescheduled. The task force consists of Dennis Woodward, Bob Switzer, and Doris Penner. Others that are interested are Peter Schultze and Doug Penzer. Issues to discuss include how to cut red tape, stimulation of housing including the technical, regulatory, stimulation and economic components, and a profile on the quality of construction.

Bob Switzer attempt to set a date prior to contacting Rich Coleman to set a timeline and develop a plan.

h) *School Site Acquisition Act - Stakeholders' Meeting*

Richard Stewart is the representative on this group, in an observer capacity. CHBA-BC walked out in protect because we didn't agree in principle with the actions being taken.

i) *COCA Invoice*

The main mandate of the Council of Construction Associations is dealing with WCB issues. Current membership dues of \$6000 are not in our budget, however, the value of membership constitutes some sort of contribution. The budget allows for a \$1000 contribution. Bob Switzer motioned and Peter Schultze seconded that CHBA-BC contribute \$1000 to COCA this year, with a view to reconsider

contributing a larger amount the following year. It was agreed that a letter explaining our financial situation should be sent. All were in favour. The motion was carried.

// Meeting with Minister

Doris Penner reported that she had met with Jim Doyle, the new Minister of Municipal Affairs, and that it had been a fairly positive meeting.

A meeting with Moe Sihota is yet to be set. It was noted that on this agenda, the issue of further deteriorating consumer confidence should be discussed. If the meeting is to be held in Victoria, perhaps representatives from CHBA-Victoria could attend as well. It is important for CHBA-BC to have a presence.

6. *Georgie Awards Management Committee*

Doug Wilson reported, by teleconference, that the production schedule is fine, given the budget constraints. The opening module is good. One of three entertainers has been eliminated, with Dr. Strangelove and another entertainer to fill that slot. \$5000 was budgeted for entertainment, and \$2500 has been saved.

\$175,000 has been raised so far in sponsorship, and there is still potential for more. The budget has exceeded by \$20,000, however, there are associated costs with these customized packages. The success in sponsorship is partly due to Sue Lewis' efforts because we would never have gone after sponsorships over \$10,000.

The Silent Auction is shaping up to be a successful event. Most of the items will be high end items. \$10,000 has been budgeted as surplus in the new budget.

Ticket sales have been downgraded in the budget, however, \$62,000 worth has been sold. Volunteers from GVHBA and Bosa will be calling companies to sell tickets.

Doug Wilson reported on the new budget, highlighting that \$45,000 has been allocated for salaries. An extra \$2000 will be allocated for Sue Lewis because of the contract stating the sponsorship raised going over and above the amount she specified.

The surplus in the new budget, and the true profit will be \$19,000.

7. *Membership Benefits*

a) Petro Canada

Petro Canada is offering a discount in oil and gas prices. Information and application forms will be sent to local associations.

b) National Home Warranty

An offer from National Home Warranty follows on the heels of London Guarantee's announcement regarding premium discounts.

It was agreed that CHBA-BC cannot endorse one particular warranty company. The announcement should come from National not CHBA-BC, however, the distribution process that London Guarantee followed will be the same for National Home Warranty. Doug Penzer will contact Jim Morris to further discuss clarifications.

8. Education and Training Committee

A full schedule of courses have been set for the Fall.

Lisa Washbrook has been sub-contracted to send out RHP renewals and arrange some of the logistics for the first set of courses, such as the confirmation of instructors.

The Technical Advisory Committee and the Education and Training Committee will be identifying issues for the Housing Tech Forum, which will be held during the Home Renovator Training Expo in February. This will allow a greater level of exposure, as well as cross-promotional opportunities. This will also serve as an excellent opportunity for a membership drive.

Concern was expressed about the registration process in the CHBA-BC office. Current staff will not be able to handle the inquiries and process registrations. Doug Penzer will be the main contact for Education and Training activities.

9. Technical Advisory Committee

a) Representative to Canadian Commission on Building and Fire Codes

This commission is requesting a representative. Bob Switzer explained that this commission meets about twice per year, and travel and expenses are paid for those organizations who can't afford it. Bob Switzer offered to put his name forward, as did Doris Penner and Peter Schultze.

10. Strategic Plan Meeting

Harbinder Kainth Jassal, on behalf of Jeff Loucks, recommended that the Strategic Work Group meet in mid-November, because of time constraints during the Board Meeting. There is an opportunity for some worthwhile discussion.

11. Operations of CHBA-BC

Doris Penner reported that Doug Penzer is at the CHBA-BC offices on Tuesdays and Thursdays, dealing with Association activities.

Thanks to Harbinder and Colleen for putting up with the changes to CHBA-BC. Their work is valued and appreciated.

The duties of Harbinder and Colleen were outlined. There was some concern about additional duties and overtime. The delineation of activities and services was discussed.

12. Housing Issues Conference

Harbinder Kainth Jassal provided an update regarding the Housing Issues Conference on October 29, 1999. Registration is still fairly low, and sponsorship needs work. Most of the sessions and speakers have been confirmed. An article will be placed in The Vancouver Sun to encourage attendance.

13. October Board Meeting

The Board of Directors meeting will be held on Saturday, October 30th.

Bob Kuhn has been contacted regarding changes to the By-Laws of the Association. Some of the changes include:

- ▶ committee chairs to have a directors vote
- ▶ 2 - 2nd Vice-Presidents
- ▶ Changing names of locals

Amendments will be sent to the Board prior to the Board Meeting.

14. Nominations for 1999/2000 Executive

Jim Thomson reported that Peter Schultze will let his name stand for 2nd Vice President. It is hoped that Jeff Loucks will continue as Secretary and Rex Leonard as Treasurer. All positions are automatic except for the Presidential Appointees.

Jim Thomson will work on getting another candidate for the second position of 2nd Vice President.

15. Association Awards

a) Dinner

Harbinder Kainth Jassal reported that the Association Awards Murder Mystery Dinner will be held on October 29, 1999 at the Hyatt Regency Hotel. Tickets are \$50 and indications are that it will be a fun evening.

b) Nominations & Recipients

The Executive Committee reviewed the submissions received for the Association Awards, and decisions were made and recorded.

16. Correspondence

a) EOC Professional Development Forum - CHBA-South Okanagan

CHBA- South Okanagan has sent a request to consider sending their Executive Officer Rhonda Williams to attend the EO Development Forum. Up to \$200 is available for up to three Executive Officers.

Doris Penner motioned and Peter Schultze seconded to honour this request. All were in favour. The motion was carried.

b) *Complaint - FVHBA*

It was questioned whether the Ethics Committees of Fraser Valley HBA had seen this complaint, as this should be dealt with at a local level. The letter is for information purposes only. Doug Penzer will speak to FVHBA to discuss.

c) *NAHB Membership*

Due to budget constraints, we can't afford the membership. It was noted that GVHBA has a membership and any information that may be important to us can be passed on.

d) *CMHC Housing Outlook Conference*

The CMHC Housing Outlook Conference will be held on October 28th at the Vancouver Trade and Convention Centre.

e) *House Race 2000*

This proposal was brought forward by CHBA-Kelowna at the July Board Meeting. At that time, the Board approved that the proposal be sent to National.

There was concern that this proposal gives the wrong impression that anybody can build a house, and that quality and workmanship aren't considered.

The Executive agreed to submit the proposal on behalf of CHBA-Kelowna, as per the direction from the Board, to CHBA-National for their consideration.

17. *Adjournment and Next Meeting*

There being no other business, the meeting was adjourned at 4:35 pm. The next meeting will be held on October 20th from 1:00 pm - 5:00 pm at the CHBA-BC offices.

:hkj

MINUTES

In Attendance: Doris Penner
Doug Penzer
Rex Leonard
Harbinder Kainth Jassal
Colleen Watts

Teleconference: Gary Senft
Bob Switzer

1. Welcome

Doris Penner welcomed everyone at 1:00 pm.

2. Acceptance of Agenda

Doug Penzer motioned and Rex Leonard seconded to accept the agenda as presented with the following additions.

- Resolution from Kamloops regarding COCA
- Correspondence from Ministry of Municipal Affairs
- Correspondence from User Friendly Homes
- BERC funding request

3. Adoption of minutes

Jim Thomson faxed through changes to the minutes.

Doug Penzer motioned and Rex Leonard seconded to approve the minutes of September 22, 1999, including the changes. All were in favour. The motion was carried.

4. Financial Statements

Rex Leonard presented the financial statements as at September 30, 1999.

The audit will be postponed until next year, and be conducted every second year. The requirement for an audit is not necessary under our constitution and by-laws.

It was discussed that many extraordinary events occurred this past year, and an audit may allow the organization to be on level footing.

Rex Leonard stated that an annual review is common in most businesses.

It was questioned what an audit will accomplish that hasn't already been done. There may be an issue of perception. It was noted that the audit will be done next year.

The financial statements present a more detailed picture of cash and receivables. Cash is at \$200,298, receivables are at \$86,000, inventory is at \$20,072 and assets are \$437,991. Payables stand at \$60,000.

It was noted that this is a much more efficient system.

The statement of revenues shows that membership dues have been received earlier than usual. The RHP certification is due to timing.

It was also noted that the impacts of recent decisions will be shown on next months' financials, such as the severance, professional and accounting fees.

The Georgie expenses will come in November's financials

Gary Senft raised the issue of complimentary tickets for Georgies. Rex Leonard noted that Georgie tickets can be claimed on expense accounts.

Complimentary tickets should be offered to the Executive and the Georgie Management Committee.

It was also noted that staff overtime should be accounted for on the financial statements.

Rex Leonard motioned and Doug Penzer seconded to accept the financial statements as at September 30, 1999. All were in favour. The motion was carried.

These statements will be included in the Board Package.

1999/2000 Budget

The revised budget was presented to the Executive, and will be included in the Board Package for approval by the Board.

5. Government Liaison

a) Homeowner Protection Office

Doris Penner noted that the owner-builder issue is being discussed at the Advisory level. The HPO didn't realize how big of a problem the owner builders are. It was noted that 49.5% of the permits were taken out by owner builders. The legislation is being pushed to be changed to build from 18 months to every five years for owner builders. Also, the land title issue is an important one as well.

The main thrust of the HPO has been education of consumers, whereas only \$56,000 has been spent on builder education.

There is currently discussion on renovation warranty and building envelope repairs.

b) Barrett Commission

This item is for consideration for the Association to declare the Commission as illegal. It was noted that perception is extremely important, and further clarification will be required.

c) *Letter to Prime Minister*

A letter was sent to Prime Minister Jean Chretien last week regarding the media attacks against CMHC. The letter also included specific recommendations to assist the leaky condo homeowners.

d) *Moe Sihota Meeting*

A meeting has been scheduled on October 26th.

There is some concern about this meeting, however, it is important that three main points are discussed. Also, it was advised that a press release be ready for distribution, if needed.

It was also suggested that we invite UDI to attend the meeting with us. Perhaps this would provide an opportunity to show that we have a working relationship, as well as showing strength and a united front.

It was also questioned what good can come out of this meeting. What else can the government throw at the industry? It was also suggested that the meeting be postponed until after the Barrett Commission.

It was also noted that UDI has not been able to schedule a meeting with the Minister.

6. *Georgie Management Committee*

Doug Wilson presented the Georgie Awards report.

It was noted that staff salaries are now allocated in the budget, and there is a surplus showing of \$10,517. This is the first time that financial statements have ever been shown to the Georgie Management Committee. The conservative surplus is good, because it is important for sponsors to know that CHBA-BC does not make a profit on their contribution.

Doug expressed concern that the same level of sponsorship may not be attained next year. Although sponsorship targets were met this year, there were fewer sponsors for bigger dollars, solely due to the efforts of the sponsorship consultant. The Homeowner Protection Office will definitely not sponsor at the same level, and there is some concern that Pacific Press won't sponsor at the same level. However, there are some sponsors that may see real benefits, and thus increase the contributions. It was also noted that these sponsorship dollars were collected with the help of the consultant, and without that assistance, it would be unlikely that the same amounts would be collected given the lack of volunteer time.

The question is: What is the best decision for next year and how do we determine whether it goes ahead next year?

As venues and contracts are committed, the 2000 Georgies have to start in November.

It was mentioned that two different proposals for the Georgie Awards are coming forward: one by Mary Anne Connor Simpson and MJ Whitmarsh, and the other by George Thew and Bryan Shrake.

Doug Wilson questioned, as a member of the Association, is it a financial risk for CHBA-BC and are we getting any benefit?

It was also noted that it may hold a bigger risk next year due to the lower housing reports.

Decisions need to be made now for next year. It was agreed that the industry needs an awards program, but the risk component is too high. We need to look at the program differently because we don't have the same resources.

The fundamental basis for the awards needs to be defined as to whether they are builder awards or awards for marketing. Perhaps the value of winning has decreased.

It was recommended that a 3 to 4 person commission be set up to dispense advice regarding the Georgies, with the Board having final approval. There must be a process.

7. Education and Training Committee

Doug Penzer reported that RHP renewals and certificates are in the process of being sent out.

Funding has been secured from the HPO and CMHC for the Toolbox course, and a proposal has been put forward to RCI.

8. Technical Advisory Committee

Doug Penzer reported on concerns regarding energy provisions in the building code, specifically raising issues from the National Board Meetings. There were quite a few strong statements at the Technical Research Council meetings.

It was suggested that Doug make the Board aware of discussion at the TRC.

9. Strategic Plan

It was reported that a strategic planning meeting will be held in the Fraser Valley offices in mid-November. Details will be finalized with Jeff Loucks and the members of the committee at the Board meeting.

10. Operations of CHBA-BC

Doris Penner thanked the staff for "putting up with everything". A temporary receptionist has been hired to assist in the office.

Bob Switzer questioned what the long term plan is.

Doug Penzer commented that it would be prudent of the strategic planning committee to discuss this. Financial stability is the first priority.

It was also stated that it is important to have guidelines in place for the strategic planning committee.

12. Housing Issues Conference

Harbinder Kainth Jassal presented an update on the Housing Issues Conference. A greater number of sponsors are on board this year, which will make up for the loss in registration. All of the speakers have been secured, and the agenda is filled with interesting issues and discussion.

13. October Board Meeting

The Board Meeting will be held on October 30th.

Discussion ensued on the Georgie Awards, revolving around the election/appointment of the Chair of the Georgies, and the process therein regarding the Georgie Awards Program.

It was commented that the Executive doesn't have a clear idea of what the mandate of the Georgies is.

It was commented that the perception was noted at the July Board meeting that the election/appointment of Chair would be approved by the Board at the October Board Meeting. Some members of the Executive felt that this would be too soon, and that Executive support is essential prior to bringing it forward to the Board.

Doug Penzer mentioned that in one of the proposals that he had, it is proposed that the awards be contracted.

It is imperative that the Chair is knowledgeable about the awards program. Past criteria of the chair has dictated that the Chair has experience on the Committee (2 years) and is a builder. It is important that through this process, that the current format be reviewed and then look outside the box.

It was also discussed to have the proposals brought forward and presented at the Board or the Executive meetings.

Bob Switzer summarized the discussion in the form of four options:

1. Status quo - remain with current format for 2000
2. Status, with new criteria, new format - 2000
3. Something brand new - 2001
4. Cancel

All of these options must be considered, however, time is needed to review.

It was felt that the Board was not ready for formal presentations regarding the Georgies at the October Board Meeting.

It was suggested that a committee or commission assigned appoint an interim chair, and until that committee has met and discussed the options, the Executive and Board can make a proper decision.

14. Association Awards

Harbinder Kainth Jassal reported that the Association Awards Dinner will be held on Friday, October 29, 1999. Arrangements have been finalized with the Murder Mystery Theatre group.

15. EOC Development Forum

It was approved to present a \$250 bursary to Jocelyn Heading of CHBA-North Okanagan to attend the EOC Development Forum.

16. Resolution from Kamloops - COCA Contribution

It was agreed to submit the resolution from CHBA-Kamloops regarding the contribution to COCA.

17. Letter from Jim Doyle

A thank you letter was received from Minister Jim Doyle to Doris Penner.

18. BERC request

It was agreed to contribute \$500, however the cheque was canceled due to financial constraints.

19. Nominations Report

Jim Thomson reported that Mark Turner declined.

20. Adjournment

There being no other business, the meeting was adjourned at 5:20 pm.

:hkj

Items 1,3,4,5,6 Approved by UARA
at Annual General Meeting - October
30, 1999

FORM 10
(Section 66 and 67)

SOCIETY ACT

COPY OF RESOLUTION

Certificate of
Incorporation #S-19500

The following is a copy of a special resolution passed in accordance with the by-laws of the Society on the _____ of _____, 1999.

"RESOLVED, as a special resolution,

- ✓ 1. that the existing Article II (1) be deleted in its entirety and replaced with the following:

"Membership in the Association shall consist of Locals which are approved by the Directors for membership from time to time.";

- X 2. that the existing Article III 1(c) be deleted in its entirety and replaced with the following:

"In addition to the Directors appointed by the Members, the incoming Secretary Treasurer, two 2nd Vice-Presidents, 1st Vice-President and the President during the term of those offices and the immediate Past President shall be Directors as long as maintaining current membership in a Local. The chairperson of the following Association Committees shall also be Directors:

- (i) Renovation Council
- (ii) Education and Training Committee
- (iii) Georgie Awards Committee; and
- (iv) Technical Advisory Committee.";

- ✓ 3. that the reference to "2nd Vice President" be deleted in Article IX (3) and replaced with "two 2nd Vice-Presidents";

- ✓ 4. that the reference to "2nd Vice President" be deleted in Article IX 8(3) and replaced with "2nd Vice-Presidents";

- ✓ 5. that the existing Article X 3(c) be deleted in its entirety and replaced with the following:

"The 1st Vice-President and the 2nd Vice Presidents shall be elected from the membership of Locals."; and

CONSTITUTION AND BY-LAWS

CANADIAN HOME BUILDERS' ASSOCIATION
OF BRITISH COLUMBIA

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SOCIETY ACT
CANADIAN HOME BUILDERS' ASSOCIATION OF BRITISH COLUMBIA

CONSTITUTION

1. NAME: The name of the Society is the Canadian Home Builders' Association of British Columbia, hereinafter referred to as the "Association".
2. PURPOSES: The purposes of the Association are:
- (a) To provide an organization which will represent the residential construction industry in all matters of provincial policy, legislation and development.
 - (b) To provide a forum for the presentation and review of problems and practices affecting the residential construction industry.
 - (c) To promote the free exchange of opinions and suggestions which will benefit the residential construction industry.
 - (d) To promote within the Province the policies of the Association.
3. DISSOLUTION: In the event that the Association should at any time be wound up or dissolved, the remaining assets after payment of all debts and liabilities shall be given or transferred to such organization or organizations promoting objects similar to the objects of the Association, such organization or organizations to be decided upon by the members of the Association at the time of winding up or dissolution.

The foregoing is an unalterable provision in accordance with Section 22 of the Society Act.

4. CODE OF ETHICS:

Members and Directors shall comply with the Building Code of British Columbia as a minimum standard for construction and shall work toward its improvement in the interests of structural sufficiency, safety, and health.

Members and Directors shall plan their sites and homes to conform to the principles of good community planning.

Members and Directors shall deal justly with their employees, sub-contractors, and suppliers.

Members and Directors shall deal honestly and fairly with their customers.

Members and Directors shall co-operate to extend the effectiveness of the Association by exchanging information and experience, and encouraging research on materials and techniques in order to provide better homes at lower cost.

Members and Directors shall uphold the principle of appropriate and adequate compensation for the services which they render.

Members and Directors shall avoid all conduct or practice likely to discredit or do injury to the home-building industry.

These responsibilities are freely and solemnly assumed as they form part of an obligation as members and Directors of the Association.

BY-LAWS

ARTICLE I

INTERPRETATION

1. **General:**

In these By-Laws, unless the context otherwise requires words and expressions as defined in the "Society Act" or any statutory modification thereof in force at the date upon which these By-Laws became binding on the Association, shall have the meanings so defined; and words importing the singular shall include the plural and vice versa, and wording importing the masculine gender shall include the feminine gender and the word "person" shall include corporations, partnerships, proprietorships, business and incorporated Societies.

2. **Definitions:**

- (a) Canadian Home Builders' Association of British Columbia is hereinafter referred to as the "Association".
- (b) Associations of residential construction builders, trades and associated members within areas of British Columbia and the Yukon who become Members of the Association are hereinafter referred to as "Locals" or any one of them as "Local".
- (c) The persons duly elected or appointed and referred to in paragraph 3 of Article IX are referred to hereinafter as the Executive.

3. **Jurisdiction:**

The Members shall be the governing body of the Association and shall act on all items dealing with the Constitution, By-Laws, and financial matters of the Association except as set out in these By-Laws.

ARTICLE II

MEMBERSHIP

1. **General:**

Membership in the Association shall consist of the following Locals:

- (a) Chilliwack & District
- (b) Cowichan Valley
- (c) Fraser Valley
- (d) Kamloops
- (e) Kelowna

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- (f) Nanaimo
- (g) Prince George
- (h) Greater Vancouver
- (i) North Okanagan
- (j) Victoria
- (k) Yukon
- (l) South Okanagan
- (m) Skeena
- (n) Comox - Strathcona
- (o) East Kootenay

and any other Local which is approved for membership by the Directors.

2. Ceasing to be a Member:

A Local shall cease to be a Member of the Association:

- (a) by delivering its resignation in writing to the Secretary of the Association or by mailing or delivering it to the address of the Association;
- (b) upon its dissolution, winding-up, bankruptcy or receivership;
- (c) upon being expelled;
- (d) upon ceasing to be a Member in good standing.

3. Expulsion:

- (1) A Member, Director or Officer may be expelled by a special resolution of the Members passed at any Members' meeting.
- (2) The notice of special resolution for expulsion shall be accompanied by a brief statement of the reason or reasons for the proposed expulsion.
- (3) The Member, Director or Officer who is the subject of the proposed resolution for expulsion shall be given an opportunity to be heard at the meeting before the special resolution is put to a vote.
- (4) Notwithstanding any expulsion, resignation or cessation of membership in the Association the fees or other debts payable to the Association by the Member or past Member shall remain payable.

A Member is in good standing unless it has failed to pay its current annual membership fee or any other subscription or debt due and owing by it to the Association and it is not in good standing so long as the debt remains unpaid.

CHBA-BC
By-Laws Contr'd

4. Honourary Membership and Members at Large:

- (1) The Association shall have the authority to present Annual Honourary Non-voting Memberships or Honourary Life Non-voting Memberships in the Association to individuals who have distinguished themselves in the service of the Association. Such membership extends all privileges of membership to the recipient except voting.
- (2) The Directors shall have the authority to accept and approve applications from other than Locals, including Members at Large who are not otherwise within rural or other areas not then served by a Local, and set the membership fees payable by such Members. Such Members at Large shall not have any vote, nor be entitled to appoint any Director, but the other provisions of these ByLaws and benefits and obligations of membership shall apply. The Directors may form a Local from the Members at Large, in which case such Local shall have the same rights and obligations as other Local Members.

5. Categories:

Each member of a Local, and each Member at Large, as reported to the Association, shall be classified in one of the following categories:

- (a) Builders and Builder/Developers
 - (b) Developers of land only
 - (c) Sub-Contractors
 - (d) Suppliers
 - (e) Professionals
 - (f) Manufacturer
 - (g) Financial
 - (h) Other (specify)
6. Membership fees shall be determined by the Directors from time to time in accordance with Article IV hereof.
7. Subject to Article II, Section 2, every Member, Director and Officer shall be bound to abide by the Constitution, these Bylaws and any decision of the Association.

ARTICLE III
DIRECTORS

1. Appointment of Directors:

- (a) Each Member shall be entitled to appoint Directors to the Board of Directors of the Association in proportion to the number of its members, prior to the annual general meeting of the Association as follows:

<u>Number of Local members</u>	<u>Number of Permitted Directors</u>
1 - 75	1
76 - 249	2
250 or more	3

In no case shall the number of Directors appointed by any Local exceed three (3). At least one of the Directors appointed by each Member Local shall be the President of that Member Local, subject to subparagraph (e) below.

- (b) All Members shall appoint their directors to the Association not later than thirty (30) days prior to the Association's Annual General Meeting. Continuity is desirable and there is no limit to the number of terms a director may serve.
- (c) In addition to the Directors appointed by the Members, the incoming Secretary Treasurer, 2nd Vice-President, 1st Vice-President and the President during the term of those offices and the immediate Past President shall be Directors as long as maintaining current membership in a Local.

CHBA-BC
By-Laws Cont'd

- (d) Members shall in writing advise the Association of the name and residential address of each Director appointed prior to the annual general meeting of the Association, and require the prospective Director to sign a Consent to Act in a form approved by the Directors from time to time.
- (e) A Member may remove any Director appointed by it and appoint an alternate at any time by advising the Association in writing and otherwise complying with subparagraph (d) above.

2. Term:

Directors shall serve from annual meeting to annual meeting and a Member's voting rights shall be vested with its appointed directors or alternate directors, to be exercised on behalf of the Member, subject to the provisions of these Bylaws.

3. Indemnity:

Subject to the Society Act all Directors of the Association shall be deemed to have assumed office on the express understanding and agreement and condition that they and their heirs, executors, administrators and estate respectively shall at all times be indemnified and saved harmless by the Association from and against all costs, charges, and expenses whatsoever which such Director sustains or incurs by reason of any action, suit or him for or in respect of any act, deed, matter, or thing whatsoever made, done or permitted by him or any other Director or Directors in respect of the execution of his duties as a Director except as occasioned by his wilful neglect, default, or by reason of fraud.

4. Remuneration:

Directors shall serve without remuneration in their role as Director, but may be paid their reasonable travel expenses on the basis of guidelines set by the Members from time to time.

- 8 -

CHBA-BC
By-Laws Cont'd

5. Removal:

Directors may be removed from office at any time by a Special Resolution of the Members and may resign at any time upon 30 days written notice to the Secretary/Treasurer.

6. Meetings:

Subject to Article VIII, the meetings of the Directors shall be held at such time and place as the Secretary or Secretary/Treasurer, at the direction of the Executive, shall provide notice of, and one such meeting shall be held immediately following the Annual Meeting of Members. Additional meetings shall be as required pursuant to Article VIII, section 3.

ARTICLE IV

LOCALS

1. General:

Any organized group of home builders, alone, or in company with related professions and trades, that are working towards the same or similar objectives as the Association, and meets the conditions and requirements set forth in (a) below, may in the discretion of the Directors be accepted as a Member of the Association.

- (a) To qualify as a Member, an applying Local organization of home builders, alone or in company with related professions and trades, shall submit a formal application, approved by its Board of Directors and signed by its President and Secretary, to the Association. This application shall certify that:

CHBA-BC
By-Laws Cont'd

- (i) The area of jurisdiction requested by the applying Local does not conflict with that of any existing Member, and does not extend beyond the metropolitan trading area in which the applying Local operates.
 - (ii) The applying Local has at least two (2) builder members in good standing.
 - (iii) The applying Local has at least six (6) members in good standing.
 - (iv) The applying Local has at least two (2) builder members in good standing on its Board of Directors.
 - (v) The applying Local shall advise the Association of its entire membership which will be registered with the Association.
 - (vi) The applying Local shall be incorporated as a Society and be in good standing with the Registrar, and the Constitution and By-Laws of the applying Local shall not conflict or be inconsistent with the Constitution and By-Laws of the Association.
 - (vii) The entire membership of the applying Local will agree to abide by the Construction and By-Laws of the Association.
- (b) The application shall be accompanied by a list of the names, addresses and categories of the applying Local's entire membership and the required fees.

2. Jurisdictional Areas:

Where a conflict in area jurisdiction between two Members occurs that cannot be resolved by mutual agreement, the final decision shall be made by the Board of Directors.

- 10 -

CHBA-BC
By-Laws Cont'd

3. Autonomy:

Within the framework of the relationship to the Association, members shall be autonomous. They shall have sole authority to establish policies and to solicit memberships within their areas of jurisdiction. However, notwithstanding this paragraph, where a Local appears to be in the process of winding down or becoming insolvent, the Directors shall be entitled to request and obtain at the expense of the Association financial statements from the Local, and in the event such Local has surplus funds, the Association is entitled to be paid and hold such funds in trust for the purposes of the Association in that Local's area of jurisdiction.

4. Change of Name:

When a Member wishes to change its name it must be approved by the Directors.

5. Standing:

Each Member shall continue in good standing pursuant to the provisions of the Society Act.

ARTICLE V

FEES

1. General Responsibilities:

On a monthly basis, or any other frequency determined by the Directors, Members shall remit to the Association:

- 11 -

**CHBA-BC
By-Laws Cont'd**

according to the various categories as set out in Article II, section 5 which will be registered with the Association.

- (b) changes in membership addresses as they occur throughout the year.
- (c) Association fees, as determined or amended from time to time by the Directors, payable on the first (1st) day of the month after which they become due.

2. Service of Delinquent Members:

The Executive reserves the right to cease serving Members not in good standing, provided sixty (60) days written notice and an opportunity to make representation has been given to the delinquent Member.

ARTICLE VI**FINANCIAL YEAR****1. Year-End:**

The fiscal year of the Association shall end the 30th day of June in each and every year, or such other date as the Members may determine.

- 12 -

CHBA-BC
By-Laws Cont'd

ARTICLE VII

SEAL AND MINUTES

1. Seal:

If the Association has a common seal, it shall be in the custody of the Secretary or Secretary-Treasurer of the Association or staff as appointed by the Secretary or Secretary-Treasurer and it shall be impressed on any instrument except when the impression is attested to by the signatures of any two members of the Executive; or authorized with the consent of the majority of all the Directors of the Association.

2. Minutes:

The minutes and documents of the Association shall be in the custody of the Secretary or Secretary-Treasurer of the Association or a staff member as appointed by the Secretary or Secretary-Treasurer.

ARTICLE VIII

MEETINGS

1. Annual Meeting:

The Annual General Meeting of the Association (the "Annual Meeting") shall be held at such place on such date during the months of September, October or November in each and every year or at such other time as the Executive shall by resolution determine, and twenty-one (21) days written notice shall be given to the Members and a draft agenda of such meeting shall accompany this notice.

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CHBA-BC
By-Laws Cont'd

2. Election of the Board of Directors:

Subject to the Bylaws, the Directors shall be elected at the Annual Meeting.

3. Notice or Requisition:

Any meeting may be called by:

- (a) The Secretary-Treasurer acting upon the direction of the Executive, or
- (b) The Secretary-Treasurer of the Association on the requisition of 10% or more of the voting Members or Directors as the case may be of the Association, in this section called the requisitionists.

The requisition shall:

- (i) state the purpose of the general meeting;
- (ii) be signed by the requisitionists; and
- (iii) be delivered or sent by registered mail to the address of the Association, and may consist of several documents in similar form, each signed by one or more requisitionists.

If, within twenty-one (21) days after the date of the delivery of the requisition, the Secretary does not convene a general meeting, the requisitionists, or a majority of them may themselves convene a general meeting to be held within four (4) months after the date of the delivery of the requisition.

A general meeting convened by the requisitionists shall be convened in the same manner, as nearly as possible, as general meetings are convened by the Association.

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CHBA-BC
By-Laws Cont'd

4. Quorum:

A quorum for a meeting of the Association, its Members or Directors shall be 40% of its Members or Directors, as the case may be.

5. Proxy:

Members and Directors may vote at a meeting by proxy in the form approved from time to time by the Directors.

6. Vote:

A simple majority vote shall rule. Each member shall have one vote. The Chairman shall have a casting vote in the case of a tie, being the only vote the Chairman shall have. The members appointed by a local shall not collectively cast more than one-third (1/3) of the votes cast.

7. Place and Type of Meetings:

Meetings may be held at any place in British Columbia, and may be conducted by telephone or other electronic device, provided that all attendees can hear all other attendees.

8. Notice:

Notice of any meeting may be given by facsimile transmission, or such other electronic means of communication approved by the Directors, and such notice shall be deemed duly given and the meeting duly called if seven (7) days notice has been given.

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CHBA-BC
By-Laws Cont'd

ARTICLE IX

THE EXECUTIVE

1. General:

The Executive shall assume all the authority of the Association between Directors' meetings, with the exception of amending the Constitution and By-Laws. It shall be responsible for implementation of the resolutions and recommendations passed by the Association.

2. Funds:

- (a) The Executive shall be responsible for the budget and any expenses related to it.
- (b) The Executive has no power to borrow money on behalf of the Association except on those terms and conditions as set out by the members with a two-third (2/3) majority of those present at any meeting.
- (c) No debenture shall be issued by the Association without sanction of a special resolution of the membership.

3. Composition:

The composition of the Executive shall be the immediate Past President, the President, the 1st Vice-President, the 2nd Vice-President, the Secretary and the Treasurer or the Secretary-Treasurer as the case may be, and up to two (2) Presidential Appointees, appointed pursuant to the provisions of Article X.

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CHBA-BC
By-Laws Cont'd

4. Meetings:

Meetings of the Executive may be called upon four (4) days notice, by:

- (a) The President; or
- (b) Any two (2) members of the Executive

Provided however that no formal notice of such meeting shall be necessary if all members of the Executive are present.

5. Quorum:

A quorum for an executive meeting shall be three (3) members.

6. Vote:

A simple majority vote shall rule. Each member shall have one vote, except the President who shall have an additional casting vote in the case of a tie.

7. Term:

Officers of the Executive shall hold office for a period of one (1) year commencing the date of the Officer's election and continuing to the date their successors are elected. No Officer, with the exception of the Secretary and Treasurer or Secretary-Treasurer, may serve more than two (2) terms in the same office.

8. Duties:

- (a) The President shall be charged with the general management and supervision of the affairs and operations of the Association and in particular he shall preside as chairman of meetings of the Executive and the Association. He shall have the power to represent the Association within the provisions of the Constitution and By-Laws, and he shall be

CHBA-BC
By-Laws Cont'd

an ex officio member of all committees and shall perform all other duties normally associated with the office.

- (b) The 1st Vice-President shall assume the duties of the President in his absence or upon his direction, and shall be responsible for public and the residential construction industry relations of the Association generally.
- (c) The 2nd Vice-President shall assume the duties of the President in the absence of the President and the 1st Vice-President and shall be responsible for membership service aspects of the Association generally.
- (d) The Treasurer shall be responsible for the proper keeping of the Association financial records and for the accounting of all monies collected and disbursed. He shall chair the Finance Committee and prepare a financial statement at the end of each quarter of the year, which will be available to the Association. He shall be responsible for distributing the draft budget to Local Presidents for comment.
- (e) The Secretary shall be responsible for keeping or causing to be kept a permanent record for all Executive, Director and Member meetings, and maintenance of the legal records, membership records and filings of the Association.

ARTICLE X

ELECTION OF OFFICERS

1. Nominating Committee:

Prior to the election of officers each year there shall be a Nominating Committee, of which the immediate Past President shall be the Chairman.

CHBA-BC
By-Laws Cont'd

2. Elections:

Except as otherwise provided in these Bylaws, the Executive of the Association shall be elected by the [Directors at a meeting immediately after] Members at the Members' Annual Meeting.

3. Qualifications:

- (a) The role of President shall automatically be assumed by the preceding year's 1st Vice-President.
- (b) The Secretary-Treasurer shall be elected from the membership of a Local Member.
- (c) The 1st Vice-President and the 2nd Vice-President shall be elected from the membership of a Local Member.
- (d) A President must have been a member in good standing of Local for at least two (2) years.
- (e) A Vice-President must have been a Director for at least one (1) year at anytime preceding his nomination.

4. Procedure:

- (a) Nominations for the offices of the 1st Vice-President, 2nd Vice-President, and Secretary-Treasurer may be made by any Director or Member.

CHBA-BC
By-Laws Cont'd

- (b) Nominations should be in writing to the Nominations Committee Chairman with a letter of willingness to stand from the nominee and a letter of consent from the nominee's Local.
- (c) Nominations shall be accepted from the floor at a meeting at which the election of offices is taking place, provided that the nominee and the nominee's Local consent to the nomination.
- (d) The Chairman of the Nominating Committee shall from time to time advise the Directors as to who is running.
- (e) The election to the various offices shall be by ballot in sequence commencing with the 1st Vice-President.
- (f) When there are two or more nominations for the same office, a secret ballot shall be taken, unless dispensed with by all Directors present.
- (g) A majority vote shall be fifty (50) percent plus one.

In the event such a majority is not obtained on the first ballot, the candidate with the least number of votes shall stand down and another vote shall be taken, until a candidate for office obtains a majority of the votes.

- 5. In addition to the elected members of the Executive, the President, at any time, may appoint up to two (2) Presidential Appointees to the Executive, subject to ratification of such appointments by the Directors at the next Directors' meeting. Such appointees shall each remain members in good standing of a Local, and, if ratified by the Directors, will automatically be Directors of the Association for the term ending at the next Annual General Meeting, unless removed by the Directors or Members pursuant to the provisions of the Bylaws.

CHBA-BC
By-Laws Cont'd

6. If, after the election or appointment of any Executive member, such Executive member resigns or is removed from office, the Directors may appoint a replacement to serve until the next Annual General Meeting, subject to the provisions of the Bylaws.

ARTICLE XI

COMMITTEES

1. Committees:

Ad hoc committees may be appointed by the Executive from time to time, as necessary. The Directors shall establish a Professional Conduct Review Committee, and may establish and dissolve such other standing committees as they determine may be required from time to time.

When ad hoc committees are appointed they shall report as directed by the President. All ad hoc committees shall have terms of reference specified by the Executive.

2. Appointments:

The President [the Directors] shall appoint the Chairman of committees not later than thirty (30) days after the annual meeting of the Members.

3. Professional Conduct Review Committee:

3.01 The Professional Conduct Review Committee will be charged with the responsibility of considering any complaint about the professional conduct of a member, and may of its own volition institute an investigation of any member whose conduct is in the opinion of the Professional Conduct Review Committee contrary to the Code of Ethics and furthermore, in the case of members

- 21 -

CHBA-BC
By-Laws Cont'd

who have received a designation, whose conduct has been negligent, unethical, unprofessional or incompetent.

- 3.02 All complaints to the Professional Conduct Review Committee must be verified by a statutory declaration.
- 3.03 Upon receipt of a statutory declaration regarding the conduct of a member, a copy of the complaint will be provided to the member complained about together with a request to file a response with the Professional Conduct Review Committee within thirty days of the request for response. Upon receipt of the response or after the expiration of the thirty day period, the complaint will be considered by the Professional Conduct Review Committee.

CHBA-BC
By-Laws Cont'd

ARTICLE XII

FINANCE

1. Revenue:

The Association shall be self-sustaining and derive its budget requirements from its Members and/or other sources as are approved by the Directors.

2. Deposits:

Membership fees and other monies collected by the Association shall be placed in a depository selected by the Directors and shall be disbursed as the Directors may direct.

3. Budget:

The Directors shall adopt a budget for the Association for each financial year. Any motion or resolution requiring expenditures of funds in excess of the budget, shall be referred to the Directors before final action is taken by the Association.

4. Statements:

(a) The Executive of the Association shall place before each annual meeting of the Association;

(i) the financial statement required by this section;

(ii) the report of the auditor, if required;

(iii) the report of the directors to the members; and

CHBA-BC
By-Laws Cont'd

- (iv) the further information respecting the Association that the By-Laws require or the Society Act and regulations prescribe.
 - (b) The financial statement shall be for the period commencing;
 - (i) on the date of incorporation; or
 - (ii) if the Association has completed a financial year, at the end of the last completed financial year and ending not more than six (6) months before the annual general meeting.
 - (c) The financial statement shall consist of a statement of income and expenditure and a statement of surplus for the period, a statement of source and application of funds for the period (unless otherwise omitted with reasons stated), and a balance sheet as of the end of the period, but the statements need not be identified by those names, and a copy of any subsidiary's most recent financial statement and the report of its auditor.
5. The auditor of the Association shall be appointed by the Members at each Annual General Meeting and his remuneration fixed by the Directors.

ARTICLE XIII

RULES OF ORDER

1. Rules of Order:

Roberts Rules of Order shall govern in all cases to which they are applicable, except when inconsistent with the Constitution and By-Laws or established procedures of the Association.



Canadian
Home Builders'
Association

BRITISH COLUMBIA

RECEIVED

FEB - 4 2000

MINISTRY OF ATTORNEY GENERAL

February 4, 2000

Mr. Dave Barrett
The Barrett Commission
530 - World Trade Centre
999 Canada Place
Vancouver, BC
V6C 3E1

Dear Mr. Barrett:

As requested on January 11, 2000, enclosed are the following items:

- 1999/2000 Budget for CHBA-BC
- Letter from Treasurer
- Contractual Agreement between BCIT and CHBA-BC

I trust this information will meet your requirements.

Yours Truly,

Doug Penzer
President

H.I.T.C. B.C.I.T. Campus
3750 Willingdon Ave.,
Burnaby, B.C. V5G 3H2

Tel (604) 432-7112
Fax (604) 432-9038
Toll Free: 1-800-636-6777

website: www.chbabc.org
e-mail: membership@chbabc.org

MEMBERSHIP
MAKES A
DIFFERENCE



Serving B.C.'s Residential Construction Industry



CANADIAN HOME BUILDERS' ASSOCIATION OF B.C.

Proposed Budget - July 1, 1999 to June 30, 2000

Budget Summary

	Proposed Budget <u>1999-2000</u>	Budget <u>1998-1999</u>
Revenue:		
Membership Dues	\$ 172,000	\$ 200,000
RCI	-	210,000
Georgie Awards	311,000	235,000
HI Conference	36,100	30,000
Misc: ICBA referral	3,300	-
Misc: Interest	700	-
Misc: Other	-	1,500
Contracts, etc; net	6,000	10,000
Illus. Building Code, net	-	-
Technical	63,070	24,000
Education & Training, gross	<u>21,625</u>	<u>29,500</u>
Total Revenue	<u>613,795</u>	<u>740,000</u>
Expenses:		
Policy	30,625	59,700
Education & Training	9,750	34,900
Technical	54,500	26,000
Membership Services	4,150	6,500
Georgie Awards	263,071	225,000
HI Conference	26,138	30,000
Administration	79,900	86,150
Salaries	<u>137,000</u>	<u>267,500</u>
Total Expenses	<u>605,134</u>	<u>735,750</u>
Excess of Revenues over Expenditures	\$ <u>8,661</u>	\$ <u>4,250</u>



Canadian
Home Builders'
Association

BRITISH COLUMBIA

Canadian Home Builders' Association
HITC BCIT Campus
3700 Willingdon Avenue
Burnaby, BC V5G 3H2

Attention: Mr. Doug Penzer, President

January 31, 2000

Dear Mr. Penzer:

You have asked that I write to you with my comments regarding certain accounting explanations regarding amounts received from the R.C.I.

During the year ended June 30, 1999 the Association's accountant booked, on an accrual basis, revenue from R.C.I. As such, she recorded the amounts evenly each month at a rate of \$ 17,500 per month. The off-setting debit entry was to accounts receivable. At June 30, 1999 not all of these accrued amounts had been received (i.e. there was an accounts receivable on the books of the association).

It was this receivable balance that was received subsequent to the year end (approximately \$ 80,000) by the association.

I trust this helps to clarify the matter. Please call me should you have any further questions.

Yours very truly,

Rex Leonard, CA
Treasurer, CHBA.BC

HITC BCIT Campus
3700 Willingdon Ave.
Burnaby, B.C. V5G 3H2

Tel: (604) 432-7112
Fax: (604) 432-4033

website: www.chba.org
e-mail: memberinfo@chba.org

MEMBERSHIP
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Serving B.C.'s Residential Construction Industry



July 17/87

13

MEMORANDUM OF AGREEMENT

BETWEEN

B.C. INSTITUTE OF TECHNOLOGY

AND

CANADIAN HOME BUILDERS' ASSOCIATION OF B.C.

REGARDING THE CHBA-BC R-2000 DEMONSTRATION BUILDING
TO BE BUILT ON BCIT'S BURNABY CAMPUS



1. Intent

- 1.1 Canada's key theme in the program of the International Housing and Home Warranty Conference to be held in Vancouver in late September 1987 will be "R-2000".

To complement our presentations, the CHBA-BC intends to construct a building to showcase Canadian technologies in wood frame construction and R-2000 systems and standards.

- 1.2 To realize a longer term, wider use potential from this building CHBA-BC seeks to ally this initiative with BCIT in such a way that the project can meet the continuing and expanding need for a facility suitable for CHBA-BC's educational programs and similar BCIT programs.

- 1.3 To this end the building will include classroom/seminar spaces, an assembly/demonstration area, technical library, meeting room, office accommodation for CHBA-BC staff and the usual service/support facilities.

- 1.4 This Agreement is intended to remain in effect for twenty-five years from the date of its execution and to include an option for its renewal for a further five-year period.

MEMORANDUM OF AGREEMENT

BCIT/CHBA-BC re R-2000 /cont'd

2.

2. Start-up and Construction Responsibilities

- 2.1 CHBA-BC is to be responsible to plan, design, manage and construct the project; for the entire cost including the building complete; all services including connections at source, lines to and connections to the building and relocation of existing services as may be necessary; all site work including landscaping, walks and making good where existing features and surfaces have been disturbed; and for all professional fees, building and other permits and charges.

CHBA-BC is to furnish and equip the offices, reception and waiting area, meeting room, library/technical resource room, and all areas of the building as required except as noted in 2.2 below.

It is to be understood that BCIT can contribute no capital funds to the project.

- 2.2 BCIT is to provide the building site including space for six automobile parking spaces. In addition, BCIT is to provide utilities including water, gas, electricity and telephone service (excluding long distance charges) and landscape maintenance throughout the life of this Agreement.

BCIT is to provide classroom furniture for the two classrooms and the seminar room and study tables and chairs for the library/technical resource room.

- 2.3 *BCIT responsible for general Bld. Maintenance and janitorial services*

3. Operating Responsibilities and Relationships

- 3.1 CHBA-BC will donate the building to BCIT upon its completion in exchange for the use of the facilities as described herein.

MEMORANDUM OF AGREEMENT

BCIT/CHBA-BC re R-2000 /cont'd

3.

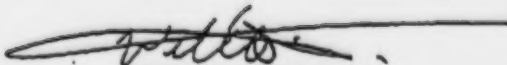
- 3.2 BCIT will provide CHBA-BC staff and officials with full access to the office spaces and meeting room to carry on the operation of normal Association business. It is understood that the CHBA-BC staff numbers will be limited to ~~five~~ ^{Six} persons and that the Association business to be conducted will be associated principally with the CHBA-BC educational programs. *The Six persons relative to Six Full time employees*. CHBA-BC activities and conduct at all times are to be in keeping with BCIT policies as set down by the Board of Governors. ** Pls Forward copies for our Approval. **
- 3.3 CHBA-BC will staff the main reception area and the library/technical resources centre during normal business hours.
- 3.4 BCIT will participate with CHBA-BC in the coordination of education and training, technology transfer, and exchange of technical information to members of the construction industry.
- 3.5 CHBA-BC undertakes to establish a communications liaison with BCIT faculty with regard to industry/college research and development, education and training, and technology transfer.
- 3.6 It is intended that both parties will have use of the teaching spaces.
- Daytime, evening and weekend use of the classrooms and seminar room will be administered by BCIT, in full consultation with CHBA-BC, in such a way as to meet the reasonable and evolving teaching needs of both parties.
- 3.7 Industry sponsored seminars and workshops will be coordinated by CHBA-BC in liaison with BCIT, *Classrooms will be used* *Mon-Fri, weekdays, evenings - 1 day per week for this purpose.*


MEMORANDUM OF AGREEMENT
BCIT-CHBA-BC re R-2000 /cont'd

4.

- 3.8 The library and technical resource centre will be made available to construction industry members and BCIT staff and trade and technology students during normal business hours.
- 3.9 Campus cafeterias will be made available to CHBA-BC staff and visitors during normal cafeteria operating hours.
- 3.10 The facilities of the main BCIT library will be made available to CHBA-BC staff and officials.

~~Res.~~


Approved for CHBA-BC


Approved for B.C.I.T.

DAOH:yg
July 17, 1987

**NEW HOME
WARRANTY**Suite 301
1600 West 6th Avenue
Vancouver, BC
V6J 1R3Tel: 604.736.9231
Fax: 604.736.5399
nhwp@newhomewarranty.bc.ca
http://www.nhwp.comNew Home Warranty of
British Columbia & YukonA Division of New Home Warranty of
British Columbia Inc.P. 1/2
**Facsimile
Cover
Sheet**

Date: February 4, 2000 No. of Pages (including cover): 2
To: Robyn Allan From: Ralph Moore
Company: The Barrett Commission General Manager,
Corporate Technical Services
Fax Number: 844.1888 Phone Number: 844.1888 (Operator: va)
Copy to Fax: 689.4118 (cover + letter only – enclosures/attachments to 844.1888)

MESSAGE:

**RE: RESIDENTIAL CONSTRUCTION
INSTITUTE OF BC ("RCI")**

Please see attached correspondence of today's date (cover plus letter only).

Please note that the "original" letter with enclosures will be forwarded by courier on Monday, February 7th.

If any pages are not properly received, please contact Victoria Arthurs at 604.736.9231

This facsimile may be confidential and privileged. Confidentiality and privilege are not lost or waived by this facsimile having been sent to the wrong person. If you are not the intended recipient, please notify us by telephone and return this facsimile to us by mail. Any use of this facsimile by an unintended recipient is prohibited.

**NEW HOME
WARRANTY**

2301 - 1600 West 6th Ave.
Vancouver, B.C.
V6J 1R3

Tel: 604.736.9231
Fax: 604.736.3399
Toll free: 1.800.663.4244
E-mail:
nhwp@newhomewarranty.bc.ca
Internet: www.nhwp.com

February 4, 2000

Letter Via Facsimile Transmission (844.1888 & 689.4118)
Complete Package Via Courier (February 7, 2000)

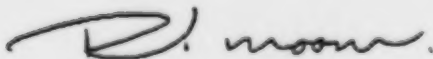
Ms. Robyn Allan
Economic and Financial Advisor
The Barrett Commission
Suite 530
999 Canada Place
Vancouver, BC V6C 3E1

Dear Ms. Allan:

RE: RESIDENTIAL CONSTRUCTION INSTITUTE OF BC ("RCI")

Further to our telephone conversation of February 1, 2000 and your request regarding the above-noted, please find enclosed a copy of file information pertaining to the *Residential Construction Institute of BC*.

Yours truly,



R. Moore

RM:va
Enclosures



**NEW HOME
WARRANTY**

Suite 301
1600 West 6th Avenue
Vancouver, BC
V6J 1R3

Tel: 604.736.9231
Fax: 604.736.5388
nhwp@newhomewarranty.bc.ca
http://www.nhwp.com

New Home Warranty of
British Columbia & Yukon

A Division of New Home Warranty of
British Columbia Inc.

170.541

P. 1/2
P. 1/2

**Facsimile
Cover
Sheet**

Date: February 4, 2000 No. of Pages (including cover): 2
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Please note that the "original" letter with enclosures will be forwarded by courier on Monday, February 7th.

If any pages are not properly received, please contact Victoria Arthurs at 604.736.9231

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NEW HOME WARRANTY

9301 - 1600 West 6th Ave.

Vancouver, B.C.
V6J 1R3

Tel: 604.736.9231

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Internet: www.nhwp.com

February 4, 2000

Letter Via Facsimile Transmission (844.7388 & 689.4178)

Complete Package Via Courier (February 7, 2000)

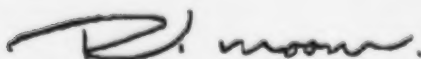
Ms. Robyn Allan
Economic and Financial Advisor
The Barrett Commission
Suite 530
999 Canada Place
Vancouver, BC V6C 3E1

Dear Ms. Allan:

RE: RESIDENTIAL CONSTRUCTION INSTITUTE OF BC ("RCI")

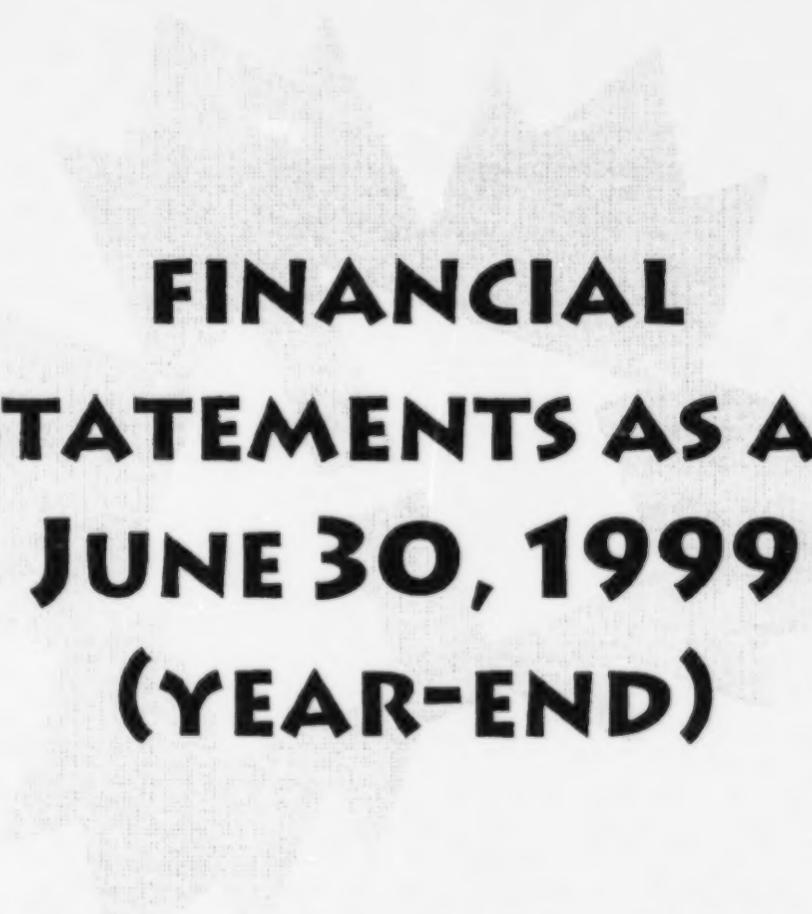
Further to our telephone conversation of February 1, 2000 and your request regarding the above-noted, please find enclosed a copy of file information pertaining to the *Residential Construction Institute of BC*.

Yours truly,



R. Moore

RMW
Enclosure



**FINANCIAL
STATEMENTS AS AT
JUNE 30, 1999
(YEAR-END)**

Processed on Sep 09 99 4:37pm

CANADIAN HOMEBUILDERS' ASSOCIATION OF BRITISH COLUMBIA
Balance Sheet - June 30, 1999

	Actual	Prior Yr
ASSETS		
Current Assets:		
Cash and short term deposits	14,165	19,508
Accounts Receivable	102,571	133,382
Inventory	20,039	18,679
Prepaid, General Expenses	6,036	6,821
Prepaid, Georgie Awards	71,208	86,233
Prepaid, Housing Issues Conference	853	0
RCI - Inter society account	0	1,864
Fixed Assets:		
Investment in New Home Warranty	2	2
Housing Industry Training Centre	10,551	10,551
Building, Computers, Fur. & Equip.	142,981	141,413
Less Accumulated Amortization	134,460	122,816
TOTAL ASSETS	233,946	295,637
LIABILITIES		
Current Liabilities:		
Accounts Payable & Accruals	42,445	41,733
Cont. Ed. Calendar, Liability	(170)	0
Deferred Funds:		
Georgie Awards	98,916	110,566
Communication Strategy Fund	0	9,020
BC Gas	1,500	1,500
E & T Fund/RCI	0	1,864
Long-term Liabilities:		
Long-term Debt	12,679	16,247
Contingency - Remedial Fund (see Note)	21,753	21,753
MEMBERS' EQUITY -		
Balance, beginning of period	92,954	92,954
Current period excess (deficiency)	(36,131)	0
Balance, end of period	56,823	92,954
	233,946	295,637

Note: Remedial Fund Contingency set up in April 1996, with a view to expiry in April 2001 (as per Executive Committee meeting on June 13, 1996)

Canadian Home Builders' Association
OF BRITISH COLUMBIA

Schedule 2

Statement of Expenses for Membership Services
12 Months Ended June 30, 1999

	Month Actual	Y-T-D Actual	Prior Year	Budget	YTD /Bud
Communications:					
Newsletter	0.00	2,375.00	553.11	1,000.00	237.50
Establish New / Assist Existing Locals	10.70	527.04	0.00	500.00	105.41
Rural Membership	0.00	0.00	0.00	200.00	0.00
Professional Development:					
ED Workshops	0.00	1,601.82	0.00	1,000.00	160.18
Programs, Membership cards etc	0.00	73.17	346.15	2,000.00	3.66
Awards	(2,440.39)	1,817.87	255.10	1,800.00	100.99
Membership Benefits:					
ICBA medical plan	0.00	735.87	2,723.15	0.00	0.00
Total Disbursements	(2,429.69)	7,130.77	3,900.51	6,500.00	109.70

Canadian Home Builders' Association
OF BRITISH COLUMBIA

Schedule 2

1997 Georgies Awards
Statement of Receipts and Disbursements
June 30, 1999

	Y-T-D ACTUAL	BUDGET	% YTD /BUD
REVENUE:			
Ticket Sales	83,344.56	75,000.00	111.15
Sponsorship	120,200.00	120,000.00	100.17
Call for Entries	60,875.00	45,000.00	135.28
Miscellaneous	11,752.33	0.00	0.00
Total Receipts	276,191.89	240,000.00	115.08
EXPENSES:			
Total Disbursements	0.00	0.00	0.00
Surplus (Deficiency)	276,191.89	240,000.00	115.08

Canadian Home Builders' Association
OF BRITISH COLUMBIA

Schedule 6

Marketing and Professional Development
Statement of Disbursements

June 30, 1999

	Month Actual	Y-T-D Actual	Prior Year	Budget	YTD /Bud
MEETINGS:					
Promotions Committee	0.00	256.59	370.86	300.00	85.53
E & T / Curr Conc; Reno / CRB Council	93.94	976.45	683.17	800.00	122.06
MARKETING:					
Develop brochures, stands; appln for reg	0.00	0.00	1,670.65	1,500.00	0.00
Print materials for CRB brochure	0.00	0.00	574.75	1,200.00	0.00
Membership Benefits brochure	0.00	0.00	965.78	2,000.00	0.00
General marketing / promotional expenses	575.00	3,017.74	1,837.50	2,700.00	111.77
Recertification of RHP's	0.00	494.17	689.03	1,000.00	49.42
EDUCATION AND TRAINING:					
Maintenance of student records	6.89	1,661.23	1,141.87	1,200.00	138.44
Cont. Ed. calendar: printing / distr	0.00	0.00	1,163.73	2,500.00	0.00
Identify E & T needs, develop courses	0.00	3,918.62	3,438.79	6,000.00	65.31
Exam development for CRB courses	0.00	0.00	0.00	1,500.00	0.00
Professional Renovators' Program	0.00	299.56	51.24	2,000.00	14.98
PROGRAMS:					
Cont. Education Calendar	1,310.22	26,520.98	24,788.47	7,200.00	368.33
CRB Program	0.00	944.44	3,106.23	1,000.00	94.44
Housing Tech Forum	0.00	18,122.60	16,686.43	22,000.00	82.38
Renovators' Program	0.00	136.75	133.10	1,000.00	15.68
CNBA-BC Web Site	0.00	318.69	60.81	1,000.00	31.87
PROFESSIONAL DEVELOPMENT:					
Travel to Local Associations	187.27	541.47	1,987.08	1,000.00	54.15
Career Ahead	0.00	61.80	0.00	1,000.00	6.18
Audio Visual/Subscriptions	(968.04)	5,155.53	3,042.33	2,000.00	257.78
Salaries	7,487.95	52,292.76	51,966.44	53,000.00	98.67
Total Disbursements	6,893.01	114,739.40	114,338.26	111,900.00	102.54

Canadian Home Builders' Association
OF BRITISH COLUMBIA

Schedule B

Technical Services
Statement of Disbursements
June 30, 1999

	Month Actual	Y-T-D Actual	Prior Year	Budget	YTD /Bud
TECHNICAL ADVISORY:					
Prov / Nat'l Meetings	0.00	0.00	17.55	250.00	0.00
Quarterly TAC Meetings	160.35	487.10	427.76	250.00	194.84
Forums, seminars	0.00	0.00	100.00	500.00	0.00
OTHER PROJECTS:					
Reprinting / Marketing of Contracts	0.00	0.00	6,284.57	1,000.00	0.00
Mandatory Sprinkler	0.00	0.00	0.00	500.00	0.00
Technical Library: Acquisitions etc	0.00	0.00	1,219.92	1,500.00	0.00
Salaries	1,155.06	9,163.82	13,014.79	12,500.00	73.31
Total Disbursements	1,315.41	9,650.92	21,064.59	16,500.00	58.49

Canadian Home Builders' Association
OF BRITISH COLUMBIA

Schedule 10

CONTRACTS / MANUALS
Statement of Receipts and Disbursements
June 30, 1999

	Month Actual	Y-T-D Actual	Prior Year
Contract Sales	293.10	8,707.22	8,582.07
Manual Sales	165.00	1,705.00	1,295.25
Renovation Package Sales	11.89	206.54	730.86
Total Receipts	469.99	10,618.76	10,608.18
Contract Sales Expense	190.40	3,080.24	3,312.56
Manual Sales Expense	93.45	979.31	2,566.61
Renovation Package Sales Expense	8.82	395.49	1,166.50
Total Disbursements	292.67	4,455.04	7,045.67
Surplus (Deficiency)	177.32	6,163.52	3,562.51

CHBA-BC

Canadian Home Builders' Association
OF BRITISH COLUMBIA

Schedule 3

1999 Georgie Awards
Statement of Expenses
June 30, 1999

	Actual	Budget	Under (Over) Budget
SPONSORSHIP:			
Sponsorship brochure	0.00	3,000.00	3,000.00
Sponsorship consultant	8,985.00	17,250.00	8,265.00
Promotional items	457.50	4,000.00	3,542.50
Total: Sponsorship Expenses	9,442.50	24,250.00	14,807.50
JUDGING:			
Coordinator's Fees	5,702.50	11,325.00	5,622.50
Hotel Accommodation / meals	0.00	8,000.00	8,000.00
Judging Room Rental, AV equip	0.00	5,000.00	5,000.00
Site visit	0.00	1,500.00	1,500.00
Judges' Dinner	0.00	1,600.00	1,600.00
Total: Judging Expenses	5,702.50	27,425.00	21,722.50
SHOW PRODUCTION:			
Venue, Production	32,537.50	65,000.00	32,462.50
F & B	0.00	66,000.00	66,000.00
Entertainment	0.00	8,000.00	8,000.00
Decorations	0.00	5,000.00	5,000.00
Trophies	0.00	9,000.00	9,000.00
Photography	0.00	1,200.00	1,200.00
Show programs	0.00	5,000.00	5,000.00
Gallery displays	0.00	10,000.00	10,000.00
After party	0.00	8,000.00	8,000.00
Total: Show Production Expenses	32,537.50	177,200.00	144,662.50
Total: Contingency Expense	0.00	5,685.00	5,685.00

Canadian Home Builders' Association
OF BRITISH COLUMBIA
Statement of Revenue and Expenses
12 Months Ended June 30, 1999

	Month Actual	Y-T-D Actual	Prior Year	Budget	4YTD /Bud
REVENUE -					
Membership Dues	12,181	168,415	169,276	200,000	84.21
RCI Grant	17,500	210,000	210,000	210,000	100.00
Interest Revenue	39	1,206	1,344	1,000	120.60
Miscellaneous Revenue	(530)	1,539	1	500	307.80
TD Bank referral	0	400	0	1,000	40.00
ICBA referral	283	3,381	0	1,500	225.40
PROGRAMS -					
Georgie Awards, net	(4,179)	(4,981)	29,555	10,000	49.81
Hsg. I. Conference, net	(167)	3,173	8,407	0	0.00
R-2000 Program, net	0	442	0	0	0.00
Cont. Educ. Calendar, net	(1,610)	19,615	25,133	8,800	222.90
CRB/Renovators' Programs, net	0	430	7,084	0	0.00
Housing Tech Forum, net	(150)	(1,248)	2,934	2,000	62.40
Recertification of RHP's	850	9,475	9,962	9,000	105.28
Illus. Building Code, net	38	(3,280)	620	0	0.00
Contracts/Manuals, net	177	6,164	3,563	10,000	61.64
Total Revenue	24,432	414,731	467,879	453,800	91.39
EXPENSES -					
Policy	146	28,012	28,858	22,700	123.40
Board / Exec. Meetings	4,533	22,669	24,111	18,000	125.94
National Meetings	1,777	14,098	12,958	10,000	140.98
EVP / Pres. Travel	5,162	23,200	20,238	9,000	257.78
Administration	(106)	6,465	6,720	9,350	69.14
Stationery & Supplies	384	7,238	9,221	8,500	85.15
Postage & Delivery	175	5,411	5,619	6,000	90.18
Telephone & Telefax	2,077	16,808	15,954	18,000	93.38
Amortization, Rental/Main	1,169	16,935	20,367	24,800	68.29
Vehicle Lease/Maintenance	66	6,705	4,561	7,500	89.40
Professional Fees	7,053	7,508	4,680	10,000	75.08
Marketing / Promotions	669	2,601	6,103	8,500	30.60
Professional Development	(774)	12,132	11,514	18,200	66.66
Membership Services	(2,430)	7,131	3,901	6,500	109.71
Technical Services	160	487	8,050	4,000	12.18
Website	0	319	61	1,000	31.90
Salaries	32,034	273,143	255,837	267,500	102.11
Total Expenses	52,095	450,862	438,753	449,550	100.29
Excess (Deficiency)	(27,663)	(36,131)	29,126	4,250	850.14

AUDITORS' REPORT

To the Members of
CANADIAN HOME BUILDERS' ASSOCIATION OF BRITISH COLUMBIA

We have audited the statement of financial position of **CANADIAN HOME BUILDERS' ASSOCIATION OF BRITISH COLUMBIA** (an Association under the British Columbia Society Act) as at June 30, 1998, and the statements of receipts and expenditures, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many organizations of this type, the Association derives revenue from donations, memberships and program revenue from members, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Association and we were not able to determine whether any adjustments might be necessary to revenue, excess of expenditures over revenue, assets or equity.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to completely verify donations, memberships and program revenue, as explained in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Association as at June 30, 1998 and the results of its operations, changes in net assets and cash flows for the year then ended in accordance with generally accepted accounting principles. As required by the Society Act, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

Manning Jamison
Chartered Accountants

Vancouver, British Columbia

September 17, 1998

CANADIAN HOME BUILDERS' ASSOCIATION OF BRITISH COLUMBIA

STATEMENT OF CHANGES IN NET ASSETS

YEAR ENDED JUNE 30	1998	1997		
NET ASSETS AT BEGINNING OF YEAR				
As previously reported				
Change in accounting presentation (Note 3)				
As restated				
Excess of expenditures over revenues for the year				
Amortization of capital assets				
Investment in capital assets				
Payment of long-term debt				
NET ASSETS AT END OF THE YEAR				
	Invested in Capital Assets	Unrestricted	Total	Total
	\$	\$	\$	\$
	17,675	63,677	63,677	42,314
		(17,675)	-	-
	17,675	46,002	63,677	42,314
		29,276	29,276	21,363
	(16,158)	16,158	-	-
	7,817	(7,817)	-	-
	3,567	(3,567)	-	-
	\$ 12,901	\$ 80,052	\$ 92,953	\$ 63,677

CANADIAN HOME BUILDERS' ASSOCIATION OF BRITISH COLUMBIA

STATEMENT OF REVENUES AND EXPENDITURES

YEAR ENDED JUNE 30		1998	1997
	Budget (Unaudited)	Actual	Actual
REVENUES			
Membership dues	\$ 197,430	\$ 169,276	\$ 158,120
RCI grant	210,000	210,000	220,000
Contracts and manuals, net	15,000	2,110	12,253
Interest	-	1,344	1,717
Other	500	-	4,994
PROGRAMS			
Education and training, net	15,100	46,656	20,924
Georgie awards, net (Schedule 1)	30,000	29,555	24,868
Provincial Conference, net (Schedule 2)	10,000	8,407	(11,529)
Illustrated building code, net	<u>2,451</u>	<u>620</u>	<u>11,352</u>
	<u>480,481</u>	<u>467,968</u>	<u>442,699</u>
EXPENDITURES			
Government and media relations (Schedule 3)	193,717	215,808	185,531
Membership and administration (Schedule 4)	156,183	132,235	128,970
Marketing and professional development (Schedule 5)	93,106	69,584	86,670
Technical services (Schedule 6)	<u>17,237</u>	<u>21,065</u>	<u>20,165</u>
	<u>460,243</u>	<u>438,692</u>	<u>421,336</u>
EXCESS OF REVENUES OVER EXPENDITURES FOR THE YEAR	<u>\$ 20,238</u>	29,276	21,363
EQUITY AT BEGINNING OF YEAR		<u>63,677</u>	<u>42,314</u>
EQUITY AT END OF YEAR		<u>\$ 92,953</u>	<u>\$ 63,677</u>

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 1998

1. PURPOSE OF THE ORGANIZATION

The Association is a society registered under the British Columbia Society Act and is comprised of local home builders' associations throughout British Columbia. The Association represents its members in the residential construction industry in matters of provincial policy, legislation and development, education, technical research and assistance and support of local associations. It also serves as a forum for the presentation and review of problems and practices affecting the industry.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Capital assets and amortization

Capital assets acquired for non-specific Association operations are capitalized and amortized on a straight-line basis over five years for furniture and equipment and leased assets and over three years for computers.

The Association's improvements to the Housing Industry Training Centre are being amortized over the lesser of 25 years or the remaining lease term plus one 5 year renewal term.

b) Investment - Pacific New Home Services Inc.

The Association is the sole shareholder of Pacific New Home Services Inc., which operates the New Home Warranty Program. The operating results of the subsidiary have not been consolidated as the subsidiary is a not-for-profit company under the Income Tax Act, and the subsidiary's Articles of Incorporation state that no assets can be distributed to the Association.

c) Donated services

The Association benefits from donated services in the form of volunteer time for various committees. Donated services are not recognized in these financial statements.

d) Revenue recognition

The Association follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Contributions restricted for the purchase of capital assets are amortized to revenue at the same rate as the related assets. Unrestricted contributions are recognized as revenue when received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

All other revenues are recorded on an accrual basis.

NOTES TO FINANCIAL STATEMENTS

JUNE 30	1998	1997
8. DEFERRED REVENUE		
Housing awards	\$ 110,566	\$ 69,316
Strategy Fund	9,020	10,349
Education and training	1,864	1,864
BC Gas	1,500	1,500
Convention	<u>-</u>	<u>1,000</u>
	<u>\$ 122,950</u>	<u>\$ 84,029</u>

Deferred revenue represents monies received in advance for externally restricted expenditures in the above areas.

9. LONG-TERM DEBT

The Association has entered into a long-term lease to finance the use of a photocopier. The terms of the lease call for semi-annual payments of \$2,676, commencing January, 1997, for a period of five years and six months. The imputed interest rate for the lease is 8.36%.

Capital lease	\$ 16,247	\$ 19,814
Less: Current portion	<u>4,123</u>	<u>3,805</u>
	<u>\$ 12,124</u>	<u>\$ 16,009</u>

Lease payments required for the next five years are as follows:

1999	\$ 5,352
2000	5,352
2001	5,352
2002	2,676
Less: Amount representing interest	<u>(2,485)</u>
	16,247
Less: Current portion	<u>4,123</u>
	<u>\$ 12,124</u>

10. CONTINGENT LIABILITIES

An action was initiated against the Association pursuant to the R-2000 program. The Association feels the claims are without merit and no amounts have been recorded in the accounts. The action has been inactive for over three years and any amount paid to settle the claim will be charged as an expenditure for the year in which it is settled.

GOVERNMENT AND MEDIA RELATIONS

YEAR ENDED JUNE 30		1998	1997
	Budget (Unaudited)	Actual	Actual
Government liaison	\$ 2,000	\$ 3,020	\$ 2,719
Coalition of B.C. Business	6,000	6,000	6,000
Council of Construction Associations	6,000	7,500	6,000
General policy research	12,000	10,769	8,003
Meetings:			
National	10,000	12,958	7,729
B.C. - Board	17,500	24,112	13,387
Economic Research Council	500	371	184
Staff training	1,000	1,197	1,960
Travel:			
President	7,000	5,869	5,776
EVP	5,500	10,979	8,857
Hospitality	-	3,390	3,522
Salaries and benefits	<u>126,217</u>	<u>129,643</u>	<u>121,394</u>
	<u>\$ 193,717</u>	<u>\$ 215,808</u>	<u>\$ 185,531</u>

CANADIAN HOME BUILDERS' ASSOCIATION OF BRITISH COLUMBIA

MARKETING AND PROFESSIONAL DEVELOPMENT

SCHEDULE 5

YEAR ENDED JUNE 30		1998	1997
	Budget (Unaudited)	Actual	Actual
MARKETING			
Committee meeting:			
Promotions and CRB	\$ 250	\$ 371	\$ -
Marketing strategies	12,000	5,739	3,548
PROFESSIONAL DEVELOPMENT			
Education and training:			
Development	18,000	3,490	22,031
Committee meetings	1,500	683	1,157
Maintenance of student records	1,500	1,142	601
Career ahead:			
Review and update Career Ahead	500	-	355
Field Representative program	-	1,164	-
Salaries and benefits	51,356	51,966	50,445
Travel	4,000	1,987	5,350
Audio visual/subscriptions	4,000	3,042	3,183
	<u>\$ 93,106</u>	<u>\$ 69,584</u>	<u>\$ 86,670</u>

CANADIAN HOME BUILDERS' ASSOCIATION OF BRITISH COLUMBIA

TECHNICAL SERVICES

SCHEDULE 6

YEAR ENDED JUNE 30		1998	1997
	Budget (Unaudited)	Actual	Actual
Committee work:			
Quarterly meetings	\$ 500	\$ 428	\$ 370
Local Association Committee	100	-	-
Provincial/National meetings	250	18	-
Forums/seminars	500	100	142
Salaries and benefits/R-2000	11,387	13,014	17,640
Other projects:			
Marketing of contracts	1,000	6,285	-
Sprinkler study	500	-	153
Technical library	3,000	1,220	1,860
	<u>\$ 17,237</u>	<u>\$ 21,065</u>	<u>\$ 20,165</u>

**CANADIAN HOME BUILDERS' ASSOCIATION
OF BRITISH COLUMBIA**

FINANCIAL STATEMENTS

JUNE 30, 1997

AUDITORS' REPORT

To the Members of
CANADIAN HOME BUILDERS' ASSOCIATION OF BRITISH COLUMBIA

We have audited the balance sheet of **CANADIAN HOME BUILDERS' ASSOCIATION OF BRITISH COLUMBIA** (an Association under the British Columbia Society Act) as at June 30, 1997, and the statements of operations and equity and changes in financial position for the year then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many organizations of this type, the Association derives revenue from donations, memberships and program revenue from members, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Association and we were not able to determine whether any adjustments might be necessary to revenue, excess of expenditures over revenue, assets or equity.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to completely verify donations, memberships and program revenue, as explained in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Association as at June 30, 1997 and the results of its operations and the changes in its financial position for the year then ended in accordance with the basis of accounting described in Note 2 to the financial statements. As required by the Society Act, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

Manning Jamison
Chartered Accountants

Vancouver, British Columbia

September 5, 1997

CANADIAN HOME BUILDERS' ASSOCIATION OF BRITISH COLUMBIA

BALANCE SHEET

JUNE 30

1997

1996

ASSETS

CURRENT ASSETS

Cash		
Accounts receivable	\$ 18,221	\$ 18,862
Inventory	34,349	46,412
Prepaid expenses	39,637	53,282
Due from Canadian Home Builders Association of B.C.	99,258	54,493
Education and Training Trust Fund (Note 3)	1,884	1,834

193,527

174,913

INVESTMENT - PACIFIC NEW HOME SERVICES INC.

2

2

CAPITAL ASSETS (Note 4)

31,158

26,598

IMPROVEMENTS - HOUSING INDUSTRY TRAINING CENTRE (Note 5)

6,331

6,753

LIABILITIES

\$ 231,018

\$ 208,268

CURRENT LIABILITIES

Accounts payable and accrued liabilities	\$ 41,745	\$ 27,802
Deferred revenue (Note 6)	84,029	101,826
Current portion of long-term debt (Note 7)	3,803	10,002

129,579

139,430

LONG-TERM DEBT (Note 7)

16,008

4,789

CONTINGENCY - R-2000 REMEDIAL FUND

21,753

21,753

EQUITY

167,341

165,862

63,877

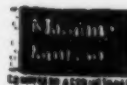
42,314

\$ 231,018

\$ 208,268

CONTINGENT LIABILITIES (Note 8)

Approved by the Executive Committee:



NOTES TO FINANCIAL STATEMENTS

JUNE 30, 1997

1. ORGANIZATION AND OPERATIONS

The Association is a society registered under the British Columbia Society Act and is comprised of local home builders' associations throughout British Columbia. The Association represents its members in the residential construction industry in matters of provincial policy, legislation and development, education, technical research and assistance and support of local associations. It also serves as a forum for the presentation and review of problems and practices affecting the industry.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of accounting

The Association records its transactions on both a cash and accrual basis. Membership dues are recorded, as received, on a cash basis. There is no deferral of membership dues for the portion of the membership year after the fiscal year end.

All other revenue and expenditures are recorded on an accrual basis.

b) Capital assets and amortization

Capital assets that have been acquired to meet specific program tasks of R-2000, and are funded by current program receipts, are expensed in the year acquired.

Capital assets acquired for non-specific Association operations are capitalized and amortized on a straight-line basis over five years for furniture and equipment and leased assets and over three years for computers.

The Association's improvements to the Housing Industry Training Centre are being amortized over the lesser of 25 years or the remaining lease term plus one 6 year renewal term.

c) Investment - Pacific New Home Services Inc.

The Association is the sole shareholder of Pacific New Home Services Inc., which operates the New Home Warranty Program. The operating results of the subsidiary have not been consolidated as the subsidiary is a not-for-profit company under the Income Tax Act, and the subsidiary's Articles of Incorporation state that no assets can be distributed to the Association.

d) Donated services

The Association benefits from donated services in the form of volunteer time for various committees. Donated services are not recognized in these financial statements.

e) Financial instruments

The Association's financial instruments consist of cash, interest receivable, and accounts payable. Unless otherwise noted, it is management's opinion that the Association is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximate their carrying values, unless otherwise noted.

CANADIAN HOME BUILDERS' ASSOCIATION OF BRITISH COLUMBIA

STATEMENT OF CHANGES IN FINANCIAL POSITION

YEAR ENDED JUNE 30

1997

1996

CASH PROVIDED BY (USED FOR):

OPERATING ACTIVITIES

Excess of revenue over expenditures for the year	\$ 21,363	\$ 12,818
Items not involving cash:		
Amortization	15,953	20,587
Loss on disposal of capital assets	<u>3,081</u>	<u>512</u>
	40,397	33,717

Changes in non-cash working capital balances:

Accounts receivable	11,860	24,533
Inventory	13,645	18,481
Prepaid expenses	(44,763)	(727)
Accounts payable and accrued liabilities	14,143	(19,103)
Deferred revenue	<u>(17,797)</u>	<u>40,096</u>
	<u>17,485</u>	<u>95,997</u>

FINANCING ACTIVITIES

Long-term debt	5,043	(9,369)
R-2000 Remedial Fund	-	21,753
Due from Education and Training Trust Fund	<u>-</u>	<u>1,851</u>
	<u>5,043</u>	<u>14,235</u>

INVESTING ACTIVITY

Purchase of capital assets	<u>(23,169)</u>	<u>(1,627)</u>
----------------------------	-----------------	----------------

CHANGE IN CASH RESOURCES DURING THE YEAR

(641) 109,605

CASH RESOURCES AT BEGINNING OF YEAR

18,852 (90,743)

CASH RESOURCES AT END OF YEAR

\$ 18,221 \$ 18,862

CANADIAN HOME BUILDERS' ASSOCIATION OF BRITISH COLUMBIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30

1997

1996

3. DUE FROM CHBA - EDUCATION AND TRAINING TRUST FUND

These non-interest bearing amounts due from this related party are due on demand.

4. CAPITAL ASSETS

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Leased asset-photocopier	\$ 17,115	\$ 1,363	\$ 15,752	\$ 6,000
Office furniture and computers	<u>116,482</u>	<u>101,076</u>	<u>15,406</u>	<u>21,598</u>
	<u>\$ 133,597</u>	<u>\$ 102,439</u>	<u>\$ 31,158</u>	<u>\$ 26,598</u>

5. IMPROVEMENTS - HOUSING INDUSTRY TRAINING CENTRE

During 1988, the Association entered into an agreement on behalf of the Residential Construction Institute ("RCI") with British Columbia Institute of Technology "BCIT" whereby BCIT provided land upon which a Housing Industry Training Centre was constructed. The RCI was responsible for the costs of construction, with no assistance from BCIT. Upon completion of the construction, the building was donated to BCIT. However, the Association has the use of the building at no cost for a period of 25 years plus one five year renewal term.

The amounts recorded in the Association's books are a residual cost to the Association, which is shown as an asset and will be amortized to operations over 25 years at a rate of \$422 per year:

Improvements	\$ 10,551	\$ 10,551
Less: Accumulated amortization	<u>(4,220)</u>	<u>(3,798)</u>
	<u>\$ 6,331</u>	<u>\$ 6,753</u>

6. DEFERRED REVENUE

Housing awards	\$ 69,318	\$ 99,962
Strategy Fund	10,349	-
Education and training	1,864	1,864
BC Gas	1,500	-
Convention	<u>1,000</u>	<u>-</u>
	<u>\$ 84,029</u>	<u>\$ 101,826</u>

Deferred revenue represents monies received in advance for committed expenditures in the above areas.

CANADIAN HOME BUILDERS' ASSOCIATION OF BRITISH COLUMBIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30

1997

1996

7. LONG-TERM DEBT

The Association has entered into a long-term lease to finance the use of a photocopier. The terms of the lease call for semi-annual payments of \$2,676, commencing January, 1997, for a period of five years and six months. The imputed interest rate for the lease is 8.36%.

Capital lease	\$ 19,814	\$ 8,837
Long-term debt	<u> </u>	<u>5,934</u>
	19,814	14,771
Less: Current portion	<u>3,805</u>	<u>10,002</u>
	<u>\$ 16,009</u>	<u>\$ 4,769</u>

Lease payments required for the next five years are as follows:

1998	\$ 5,352
1999	5,352
2000	5,352
2001	5,352
2002	2,676
Less amount representing interest	<u>(4,270)</u>
	19,814
Less current portion	<u>3,805</u>
	<u>\$ 16,009</u>

8. CONTINGENT LIABILITIES

An action has been initiated against the Association pursuant to the R-2000 program. The Association feels the claims are without merit and no amounts have been recorded in the accounts. The action has been inactive for over two years and any amount paid to settle the claim will be charged as an expenditure for the year in which it is settled.

CANADIAN HOME BUILDERS' ASSOCIATION OF BRITISH COLUMBIA

GEORGIE AWARDS

SCHEDULE 1

YEAR ENDED JUNE 30

1997

1996

REVENUE	Budget (Unaudited)	Actual	Actual
Ticket sales	\$ 75,000	\$ 72,944	\$ 71,786
Sponsorship	110,000	119,000	110,200
Call for entries	<u>50,000</u>	<u>39,800</u>	<u>46,000</u>
	<u>235,000</u>	<u>231,744</u>	<u>227,986</u>
EXPENSES			
Administration	15,500	12,933	16,001
Call for entries	19,000	20,144	12,083
Sponsorship, launch	11,000	9,255	13,469
Judging	19,000	20,760	18,615
Show production	<u>131,000</u>	<u>143,784</u>	<u>150,858</u>
	<u>195,500</u>	<u>206,876</u>	<u>211,026</u>
EXCESS OF REVENUE OVER EXPENSES	<u>\$ 39,500</u>	<u>\$ 24,868</u>	<u>\$ 16,960</u>

CANADIAN HOME BUILDERS' ASSOCIATION OF BRITISH COLUMBIA

PROVINCIAL CONFERENCE

SCHEDULE 2

YEAR ENDED JUNE 30

1997

1996

REVENUE	Budget (Unaudited)	Actual	Actual
Sponsorship	\$ 29,000	\$ 13,750	\$ -
Registration	21,000	12,400	-
Miscellaneous	<u>-</u>	<u>480</u>	<u>-</u>
	<u>50,000</u>	<u>26,630</u>	<u>-</u>
EXPENSES			
Administration	18,250	20,005	-
Meals	8,000	8,887	-
Entertainment	15,000	5,254	-
Opening night	-	1,800	-
Speakers	5,000	1,183	-
Companions' program	3,000	855	-
Meeting rooms	<u>750</u>	<u>175</u>	<u>-</u>
	<u>50,000</u>	<u>38,159</u>	<u>-</u>
EXCESS OF EXPENSES OVER REVENUE	<u>\$ -</u>	<u>\$ (11,529)</u>	<u>\$ -</u>

CANADIAN HOME BUILDERS' ASSOCIATION OF BRITISH COLUMBIA

GOVERNMENT AND MEDIA RELATIONS

SCHEDULE 3

YEAR ENDED JUNE 30

		1997	1996
	Budget (Unaudited)	Actual	Actual
Government liaison	\$ 1,000	\$ 2,719	\$ 1,529
Coalition of B.C. Business	6,000	6,000	6,000
Council of Construction Associations	6,000	6,000	6,000
General policy research	6,000	8,003	7,005
Meetings:			
National			
B.C. - Board	10,000	7,729	6,803
Economic Research Council	16,000	13,387	24,397
Staff training	500	184	380
Travel:	1,000	1,960	1,067
President			
EVP	5,000	5,776	3,300
Hospitality	3,000	8,857	7,520
Salaries and benefits	2,500	3,522	3,174
	<u>113,954</u>	<u>121,394</u>	<u>110,004</u>
	<u>\$ 171,954</u>	<u>\$ 185,531</u>	<u>\$ 177,179</u>

CANADIAN HOME BUILDERS' ASSOCIATION OF BRITISH COLUMBIA

SCHEDULE 4

MEMBERSHIP AND ADMINISTRATION

YEAR ENDED JUNE 30

1997

1996

	Budget (Unaudited)	Actual	Actual
Communications:			
Newaletter	\$ 2,000	\$ 3,620	\$ 6,245
Establishment of new locals	1,000	291	850
Rural membership	1,000	13	-
Home phone plus	-	-	3,683
Professional Development:			
Awards program	1,800	2,289	1,707
Programs, membership cards	1,500	1,152	556
EO workshops	1,000	-	-
Administration:			
Salaries and benefits	85,350	63,164	97,603
Amortization	18,000	15,953	20,587
Telephone and telefax	18,000	11,713	19,302
Stationery and supplies	8,400	8,900	8,793
Postage and delivery	9,000	4,634	7,011
Professional fees	10,000	4,580	6,464
Equipment rental/maintenance	9,500	4,187	9,230
Insurance	3,000	3,085	2,856
Bank charges	3,000	1,913	2,744
Interest on long-term debt	1,800	1,737	1,718
Gifts and donations	1,000	1,114	302
Loss on sale of capital assets	-	501	-
ICBA Medical plan	-	124	-
	<u>\$ 155,350</u>	<u>\$ 128,970</u>	<u>\$ 189,651</u>

CANADIAN HOME BUILDERS' ASSOCIATION OF BRITISH COLUMBIA

SCHEDULE 5

MARKETING AND PROFESSIONAL DEVELOPMENT

YEAR ENDED JUNE 30	1997		1996
	Budget (Unaudited)	Actual	Actual
MARKETING			
Committee meetings:			
Promotions and CRB	\$ 250	\$ -	\$ 94
Marketing strategies	15,000	3,548	8,960
PROFESSIONAL DEVELOPMENT			
Education and training:			
Development	30,500	22,031	34,400
Committee meetings	4,000	1,157	3,183
Maintenance of student records	2,000	601	-
Career ahead:			
Review and update Career Ahead	500	355	187
Salaries and benefits	50,311	50,445	83,808
Travel	4,000	5,350	4,528
Audio visual/subscriptions	4,000	3,183	3,902
	<u>\$ 110,561</u>	<u>\$ 86,670</u>	<u>\$ 139,062</u>

CANADIAN HOME BUILDERS' ASSOCIATION OF BRITISH COLUMBIA

SCHEDULE 6

TECHNICAL SERVICES

YEAR ENDED JUNE 30	1997		1996
	Budget (Unaudited)	Actual	Actual
Committee work:			
Quarterly meetings	\$ 1,500	\$ 370	\$ 1,020
Local Association Committee	100	-	52
Provincial/National meetings	500	-	791
Forums/seminars	500	142	366
Salaries and benefits/R-2000	27,127	17,640	66,131
Other projects:			
BC Building Code review	2,000	-	-
Marketing of contracts	2,000	-	-
Sprinkler study	500	153	383
National Energy Code	-	-	589
Technical library	3,000	1,860	951
	<u>\$ 37,227</u>	<u>\$ 20,165</u>	<u>\$ 70,283</u>

THE RENEWAL OF TRUST
IN
RESIDENTIAL CONSTRUCTION
PART II
VOLUME THREE - C — DOCUMENTS

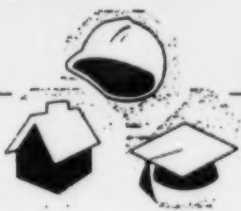
COMMISSION OF INQUIRY INTO
THE QUALITY OF
CONDOMINIUM CONSTRUCTION
IN
BRITISH COLUMBIA

Submitted to
The Lieutenant-Governor in Council
Government of British Columbia
by
Dave Barrett, *Commissioner*

March 2000

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RESIDENTIAL CONSTRUCTION INSTITUTE OF B.C.

A Division of C.H.B.A. EDUCATION & TRAINING TRUST FUND OF B.C.

BOARD OF TRUSTEES:

William C. Strain, Chairman
Bob Jelinek, Secretary

Leigh Grisham
Ken Sawatsky
Robert C. Kuhn
David Verge
John Zuk

CHARTER SPONSORS:

Canadian Home Builders' Association of B.C.
New Home Warranty Program of B.C. and the Yukon
Mortgage Insurance Company of Canada
Employment and Immigration Canada
Greater Vancouver Home Builders' Association

Residential Construction Institute

Board of Trustees

Meeting of July 8, 1993

Minutes

In attendance - Bill Strain (Chair)
Ken Sawatsky
Bob Jelinek
David Verge
John Zuk (by telephone)

Keith Sashaw
Janet Marwick

Mr. Strain called the meeting to order at 11:40.

Mr. Sashaw advised that a letter was circulated to all Charter Sponsors regarding the proposal to amend the mandate of RCI to include supporting housing policy research, and all have responded positively to the proposed amendment.

The motion to amend the mandate of the Residential Construction Institute to include supporting housing policy research was carried unanimously. (Zuk/Sawatsky)

As per a memorandum circulated previously regarding the benefits of changing the fiscal year-end of the Residential Construction Institute, the motion to change the fiscal year-end of RCI to June 30 was carried unanimously. (Sawatsky/Jelinek).

There was a general discussion regarding the delivery of education and training by CHBA BC and the Board was advised that all goals had been attained regarding the numbers of participants and the registration fees received by CHBA BC. The Board commended CHBA BC for a successful year.

In regard to the request for funding received from the Greater Vancouver Home Builders' Association, there was a general discussion as to how the application conforms to the mandate of RCI, which in turn led to a discussion regarding the need to refine the philosophical view of establishing funding priorities.

.../2

The motion to table the request until GVHBA has a clear policy as to its intention in regard to education and training activities was carried. (Verge/Jelinek).

In regard to the request for funding received from CHBA BC, there was a general discussion regarding the desirability to adopt a "global funding" approach by RCI to CHBA BC, especially with the revised mandate relating to housing policy research.

It was suggested the entire request for funding be re-worked to cover the costs associated with the delivery of all programs by CHBA BC. In the meantime, the motion to accept in principle CHBA BC's request for funding at the level of \$160,000 was carried unanimously. (Savatsky/Jelinek)

It was also agreed to allow an additional \$24,000 in administrative services to be invoiced by CHBA BC.

The Chair suggested the revised Request for Funding could be handled by teleconference when ready.

Mr. Zuk provided an overview of the request for funding received from the Advanced Housing Society, and noted that there has been some difficulty experienced because some of the anticipated sponsorships were soft. After some discussion it was agreed the Board would have to have a better understanding of the financial position of the Advanced Housing Society in order to make a determination.

The Board decided to defer the decision, and to request Mr. Kadulski to attend a meeting of the Board of Trustees with the financial statements and other supporting documentation. A letter should be sent to Mr. Kadulski with a request for him to contact Mr. Strain.

The invoice received from the Advanced Housing Society for the balance of a previous commitment was approved.

The invoice received for painting the interior upstairs offices of the Housing Industry Training Centre was approved.

Mr. Verge suggested the Board should meet for an extraordinary meeting to discuss the philosophy of RCI and to determine its funding priorities.

The meeting adjourned at 1:10.



RESIDENTIAL CONSTRUCTION INSTITUTE OF B.C.

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Leigh Grelish
G. Cruzot
Robert G. Kuhn
David Verge
John Zuk

CHARTER SPONSORS:
Canadian Home Builders' Association of B.C.
New Home Warranty Program of B.C. and the Yukon
Mortgage Insurance Company of Canada
Employment and Immigration Canada
Crested Viewmaster Home Builders' Association

Residential Construction Institute Board of Trustees Minutes of the December 20, 1993 Meeting

In attendance - Bill Strain (Chair)
Gary Cruzot
Leigh Grelish
Bob Jelinek (to 2:30 pm)
Bob Kuhn (after 2:30 pm)
David Verge
John Zuk

Keith Sashaw, Administrator
Janet Marwick, CHBA BC Coordinator, Membership Services
Susan Shepherd, CHBA BC Coordinator, Professional Development

The meeting convened at 1:30 pm.

Ms. Marwick reviewed the financial statements for the period to date, noting there has been few transactions in the current fiscal year. There were some questions regarding the disposition of the funds in the Bank of Montreal account, and it was noted there were anticipated invoices which will draw down the amount.

The Board considered and approved invoices submitted by Moore and Russell (\$482 for repairs to the furnace) and Manning Jamison (\$2,140 for audit).

The Board approved the minutes of the July 8, 1993 meeting.

Mr Grelish reviewed the activities of CHBA BC in the area of education and training. Currently, the Certified Residential Builder courses are being offered in five centres throughout BC, with up to 40 companies participating in each course. With the exception of the Whitehorse course, they are being delivered with the financial assistance of Employment and Immigration Canada. The Whitehorse course is expected to receive regional funding assistance. To date the evaluations and comments received have been very positive.

The Chilliwack and District HBA has reached agreement with the municipality to enter into a Modified Approval Process for CRB's, and a formal signing ceremony will be held on January 12, 1994.

.../2

-2-

Work is also underway in preparing for the delivery of the Renovators courses in the new year.

CHBA BC is also renegotiating its arrangements with the sub-contractors who assist in the delivery of the CRB courses.

There was some general discussion regarding the CRB courses. It was noted that the number of training hours has risen from approximately 2400 hours last year to over 200,000 hours this year. The C&DHBA initiative, and the possible recognition by NHWP will add to the demand for courses. There was some discussion regarding the need to market the designation, and possibly reviewing the courses.

Mr Sashaw presented a proposal for funding from the Canadian Home Builders' Association of BC based on the discussions which took place at the July 8 meeting and subsequent discussions with various Trustees. The proposal identified all known funding sources exclusive of RCI, and identified all the various tasks which CHBA BC would need to undertake in order to serve its mandate to the industry. All the tasks incorporate all projected expenses including salaries, fees and administrative costs.

Mr Sashaw reviewed all the specific tasks and identified areas of increased activity.

Mr Strain noted the proposal reflected the true costs of doing business, and the format allows the Association to approach other potential participants. There was no indication as to other contributors in the proposal.

Mr Zuk advised the Board that CHBA BC has undergone extensive reorganization in the last year, and is on the threshold of making tremendous strides. He also suggested in response to a question that approximately \$80-90,000 of the expenditures were of a one time nature.

The item was tabled for a brief discussion of a request for funding received from the Advanced Housing Society. After considerable discussion, it was agreed additional information should be requested, specifically:

- a) full financial statements of the Advanced Housing Society;
- b) full financial reporting on the construction of the Advanced House itself;
- c) a full analysis of who has been payed, and to whom is money still owing;
- d) a full business or marketing plan as to how the house is to be sold;
- e) current appraisal of the house;
- f) a full and complete list of anticipated expenses still to be incurred.

It was agreed the information will be requested for January 15, and would be discussed at a conference call during the week of January 25.

.../3

-3-

There was a general discussion on the opportunities to solicit additional contributors to RCI or to CHBA BC in support of the various projects. It was noted there are many beneficiaries of the education and training programs, yet few contributors. It was suggested an "Action Plan" be developed to entice other players. Mr Kuhn noted the concept of a Reference Council that is used with some success by other organizations. The concept of Partnering with others needs to be more fully developed by the Association.

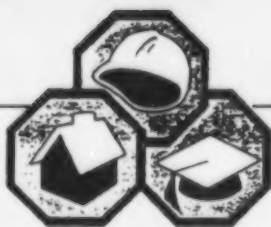
The Board then returned to the discussion of the proposal submitted by CHBA BC. After considerable discussion, the Board unanimously approved the following motion:

"RCI approve the proposal submitted by CHBA BC in the full amount of \$326,000"
(Verge/Kuhn)

It was noted the intention is that the funding of the proposal be done in an orderly fashion, and should not unduly impact RCI's investments.

The meeting adjourned at 4:30 pm.

A:1221RCI.MEN
E:10



RESIDENTIAL CONSTRUCTION INSTITUTE OF B.C.

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New Home Warranty Program of B.C. and the Yukon
Mortgage Insurance Company of Canada
Employment and Immigration Canada
Greater Vancouver Home Builders' Association

Residential Construction Institute of BC

Board of Trustees

Minutes of the August 30, 1994 Meeting

In attendance -

Bill Strain (Chair)
Gary Creuzot
Bob Jelinek
David Verge
John Zuk

Keith Sashaw, Administrator
Janet Marwick

Mr Strain convened the meeting at 1:50 pm. The Board was advised that due to health problems, Mr Leigh Grelish has had to step down as Chair of the Education and Training Committee of CHBA BC, and consequently will no longer be a Trustee. Mr Grelish's replacement as Chair is Mr Dave Metcalf, who will also serve as a Trustee. Mr Metcalf advised that, due to business reasons, unfortunately he is unable to attend.

There was a general discussion regarding the reporting of investment income. It was agreed the Chair, the Administrator and staff of CHBA BC will meet with the Treasurer of CHBA BC to clarify the statements, and to ensure the reporting is consistent with previous years. It was requested by the Board that the reporting be consistent, and that whatever basis is used, it be so noted in the financial statements.

There was a general discussion regarding the financial statements, and the status of contributions to the trust fund.

Mr Sashaw provided an overview of the activities undertaken by CHBA BC in the last year, many of the activities of which were made possible as a result of the global funding arrangement between RCI and CHBA BC. Mr Strain expressed satisfaction with the format of the reporting and the statements provided, and noted that they indicate a wide range of activities.

.../2

Mr Verge noted the importance of some recognition by the CHBA BC Board of Directors that the activities were accomplished in a satisfactory manner, pursuant to the funding agreement, and these activities were for the betterment of the housing industry.

Mr Sashaw presented the request for funding, noting the request is accompanied by an Action Plan that puts the anticipated activities into an overall concept, as well as a budget and workplans approved by the Board of Directors of CHBA BC.

In response to a question, it was noted that any reduction of the requested amount would require the staff and Executive of CHBA BC to review the workplans, and reduce the level of activities accordingly.

It was suggested that the preparation of the Annual Report should include examples of the many reported activities and accomplishments achieved by CHBA BC as a result of the funding.

Mr Verge re-emphasized his position that the New Home Warranty Program continues to be concerned about the pay out of millions of dollars in claims, and expects that their investment in education and training programs will ultimately result in a reduction of these claims.

It was agreed the Board of Trustees will meet on November 19, from 10:30 to noon in Victoria to review the performance of CHBA BC against its Action Plan, and to keep apprised of on-going activities.

Mr Verge moved the following motion, seconded by Mr Creuzot:

"The Board of Trustees received information provided by CHBA BC with respect to anticipated initiatives for the betterment of the industry, and approve a grant of \$241,500, to be paid quarterly upon receipt of invoices." The motion carried.

There was a general discussion regarding a request for a loan from RCI to CHBA BC for the acquisition of a telephone system. Mr Verge requested that legal advice first be sought as to the appropriateness of such a loan, and should it be determined to be appropriate, Mr Verge indicated his support.

Mr Zuk moved the following motion, seconded by Mr Jelinek:

"The Board of Trustees approve a loan to CHBA BC at 7 1/4% per annum, over 60 months with interest calculated monthly and payment quarterly, to finance the acquisition of a telephone system. The amount of the loan is not to exceed \$20,000, and is subject to legal counsel approval." The motion carried.

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A request for funding a session at the up-coming CHBA BC convention for \$1,000 was approved following a motion moved by Mr Zuk, and seconded by Mr Creuzot, and carried unanimously.

There was a general discussion regarding the investment strategy to be used by RCI. One of the factors noted was to ensure a secure flow of funds between RCI and CHBA BC, subject to appropriate approvals and invoices.

There was a general discussion regarding the Advanced House, and it was agreed that previous correspondence would be circulated with the minutes of the meeting. In addition, some work will be attempted by CHBA BC to determine the financial position of the Advance House Society.

The meeting adjourn at 4:15 pm.

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RCI

**Minutes of the July 25, 1995 Meeting
CHBA BC Offices
3703 Willingdon Avenue
Burnaby, B.C.**

Attendance: Bill Strain, Chair Keith Sashaw
Richard Stewart Susan Shepherd
David Verge Janet Marwick
by telephone: Dave Metcalf

Absent: Bob Kuhn
Bob Jelinek
Gary Creuzot

1) CALL TO ORDER

The meeting was called to order at 12:15 p.m. by the chairman of the committee, Bill Strain.

2) REVIEW OF 1994/95 FINANCIAL STATEMENTS

The meeting opened with a review of the financial statements. There was concern expressed over the RBC securities amount, which has decreased from \$627,316. to \$528,438. K. Sashaw explained that some of the investments on RBC were sold out throughout the year and there was some write-off of staledated material inventory. Also there was an increase in the amortization of H.I.T.C.

B. Strain stated that we should be looking at a \$42,000 loss, however it is in fact a \$50,000 loss. There was discussion on the deficiency in the statement of operations.

D. Verge questioned the investment on assets showing market versus net. Janet commented that the auditor's ruling on this was that this was the correct way of showing this and was acceptable as long as schedules were shown to indicate what was happening.

K. Sashaw added that a bill of \$700 accounts for most of the difference in budgets and actual and included changing of locks in office due to security concerns.

3) **PRESENTATION BY CHBA-BC ON 1994/95 ACTIVITIES**

K. Sashaw reported:

That support from RCI helped and that he is generally pleased with the 1994/95 activities and accomplishments.

There was lack of funding in the Vancouver area from HRC for CRB courses. It was hoped that 9 CRB programs could be delivered; however 7 programs were delivered. Keith expressed disappointment in attendance at courses. He believes, however that the time invested in building rapport with the BOABC has paid off in the development of courses. The Certified Renovator Program is still in the process of being developed. Further, the first in a continuing series of Builders' Forums was held with great success in January '95 with another being scheduled for January '96.

Launching of the corporate identity program was also activated to make names and the logos more universal for CHBA-BC and its local associations.

A 1-800 number was established for the CHBA-BC office.

NHWP and CHBA-BC workshops and presentations were held throughout the province which was very effective in promoting CHBA membership, programs and education and training, and resulted in two new locals being established.

The OSH video is on track and meeting proforma. There is a meeting scheduled for August with WCB to increase marketing of the program.

B. Strain thanked K. Sashaw for his report and addressed S. Shepherd as to travel in promotion of programs. Concern was expressed that there wasn't a great deal of take up on programs.

S. Shepherd reported on the 1994-95 course calendar, including the reasons it was expanded. Further she reported that poor attendance at the courses in the fall was probably due to good weather and continued work on the jobsites until December. The majority attended January to March. In the funding for CRB programs, 3 persons could attend per business and everyone received handouts, thus increasing expenses in that area. There is no government funding available for this year, and it is hoped that the Local Associations will buy into the program to deliver it at the local level. S. Shepherd will be working more closely with Ralph Moore in his new position at NHWP and also with BOABC in the development of new courses and course markets. It is hoped that the Warranty initiative of giving each Local \$1000. for education and training will help.

.../3

D. Metcalf added that with local EO support we may have a better chance to get the CRB program off the ground. Further we will need an outline of the optimum times in the year for locals to deliver the program. Marketing will be tough because of the cost involved and lack of available funding. S. Shepherd added that when economic times are tough, education and training is not generally a priority for persons.

K. Sashaw reported very positive comments in regards to the Builders' Forum and technical courses. These were very popular and well attended. D. Metcalf added that the Forum and technical courses are excellent vehicles for RHP's to keep their designations current..-

D. Verge stated that it became clear a couple years ago that the critical mass of builders in the association have moved through the CRB program. Further that there is a need to see potential CRB's in NHWP members. This may require taking a long, hard look at the CRB program and its content and tailoring it to apply to other aspects of construction, eg. sub-contractors and trades. Comments received from the building community, in regards to technical content, that in addition to the stucco course, they will look at going back to commencement processes on site; soil prep, framing, and a number of other components of common building practice.

The MAP process was also discussed in regards to CRB's becoming more familiar with municipalities' requirements - eg. plan checker, code process, etc. It was felt that much can be done in the education and training area to further these important initiatives.

It was felt that by tailoring some programs and making programs available to non-members of CHBA, we may benefit with increased membership. It was also felt that if persons do not achieve the RHP/CRB designation, they should receive a diploma of some kind. The next step may be their decision to become a member and take part in the CRB and MAP programs.

B. Strain asked if there was any way the CRB program could become part of warranty criteria, to help monitor persons and give them the education and training they require.

D. Verge stated that he would like to see the CRB as part of NHWP requirements as it becomes more widely recognized and used, and MAP expands. Further Mr. Verge noted that many members of NHWP belong to other associations and some to no associations. He would like to see all as part of an association, preferably CHBA; however NHWP cannot make any particular association requirement. Some equivalencies, as to criteria, in regards to architects, etc. need to be developed. All these things will come about in time.

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D. Metcalf agreed that the steps are being taken and the technical part needs to be added to courses offered in order to obtain credibility to satisfy Warranty requirements.

D. Verge stated importance of not getting disheartened in seeming lack of interest in CRB program. He felt that it is important to proceed and not lose momentum - RCI's initiative and focus is broad-based industry training. Further it is important to work diligently on E & T initiative to achieve success - look at content, trainers, methods, locations and timing of delivery, and collectively create something that is going to be demanded.

J. Marwick asked D. Verge if there was anything in place at NHWP stipulating training for those builders who have had a claim against them. D. Verge reported that there is nothing yet in place in regards to this, however the relationship in regards to dispute resolution is quite good. It is not often that they find a builder defaulting.

R. Stewart asked D. Verge if it would be seen as viable to have a dispute resolution program available for companies to train staff in this area. D. Verge commented that many things can be used when revisiting course content, and further that he would be happy to teach this course.

4) **REQUEST FOR FUNDING FROM CHBA-BC**

a) Presentation of CHBA-BC Action Plan

B. Strain asked the committee where CHBA is to go from here as related to RCI support.

K. Sashaw reported on importance of meeting to be held August 11th with David Foster, when all these components and issues will be discussed. An Action Plan, and detailed Workplan have been submitted with a request for \$290,000.

B. Strain reported that work is being done at National level on various courses and marketing of courses. There should be a huge marketplace, but need to move around how to present to persons. He will ask to add to agenda for NETAC, how to promote nationally to the entire industry and perhaps get some funding.

D. Verge agreed that there is an untapped resource and CHBA is in the prime position to take the leading role in delivery of courses to the building/construction industry.

.../5

S. Shepherd stated that the Stucco course was a perfect example. Good contacts were made through this technical course and she was able to obtain a list of suppliers to approach regarding courses. Hopefully this can be done topic by topic. D. Metcalf further commented on subtrades being a good market for technical courses.

b) Presentation of CHBA-BC 1995/96 Workplans / Budget

K. Sashaw reported that the known revenue centres have been identified. The process was an iterative one and required going back to the executive committee and staff. There is considerable shortfall to meet targets and the budget has been pared back considerably to get the amount requested.

D. Verge stated that the request for funding is for a little more than 50% of RCI's available dollars. We should not be too concerned about the resources of RCI at this time, as hopefully the economy is getting better.

However, given the economic condition, D. Verge made motion to approve the request with a caveat stating that if the market continues to decline month after month, that we review the commitment and its components at the end of September and perhaps revise the request for funding.

D. Metcalf stated that he supports the review at quarter end, and perhaps next quarter as well.

D. Verge added that we have every reason to believe that the downturn we're experiencing will be short-lived, but if we're wrong we need to be prepared.

B. Strain expressed concern over taking a large reserve out of RCI as this may cause it to be depleted in 3 years time or less, taking loss of interest into consideration.

D. Verge added that we need to find more people to commit to education and training. If CHBA-BC is looking at trying to maintain same level of services, we need to look at resources and other possible forms available. He further added that the issue was not to lose momentum. Further to his previous motion, D. Verge made motion to support the \$290,000 funding request with a caveat that in 3 months time it is revisited, and unless economy changes dramatically, we continue on. All in favour. Carried.

R. Stewart and J. Marwick both asked if 3 months is adequate time to determine how things are going, taking into consideration there are many initial expenses.

.../6

B. Strain gave a word of caution as to decision in how dollars are to be spent. K. Sashaw agreed that if the downturn continues, CHBA-BC will have to look at how they are doing things, and the services provided and perhaps make some changes.

J. Marwick stated that we need to concern ourselves with finding other sources of funding than RCI.

5. DISCUSSION REGARDING RCI INVESTMENT STRATEGY

B. Strain commented that in light of discussion, need to discuss investment strategy.

K. Sashaw reported that the Executive had asked that this be put on the agenda.

B. Strain will get a report together re this.

6. OTHER ITEMS

a) Request for Funding from G. Lowes

K. Sashaw reported on the request from G. Lowes for funding support in form of a grant for the Multi-Family Guide. This will enable development of the Guide to proceed subject to monitoring and continuing review from the Executive. Keith explained that this is similar to the request made for the Code and Construction Guide developed a couple of years ago.

Moved R. Stewart, seconded D. Metcalf to support the request for funding from G. Lowes.

D. Verge spoke against this motion, to table this motion until the end of September.

After more discussion on the viability of the project in B.C.,
D. Verge made motion to table the request for funding to the end of September, seconded D. Metcalf.

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B. Strain asked that CHBA will proceed with NHWP and direction on the motion will be decided after the meeting in September.

b) Other:

- B. Strain asked D. Verge for clarification re document he passed out at the meeting in Whistler in regards to possibly being seen as controversy in education and training initiatives between CHBA and NHWP. D. Verge commented that NHWP will support CHBA in their training initiatives, nothing has changed and there is no controversy.

- D. Metcalf stated that he and S. Shepherd will look at funding and decide on course calendar to be put out for 1995-96 in discussion with others.

- K. Sashaw expressed appreciation from CHBA to RCI for the grant given today and their support of education and training initiatives.

7. DISCUSSION ON FUTURE DATES AND ADJOURNMENT

No meeting date was set for the next RCI Meeting.
The meeting was adjourned at 1:35 p.m.

:mk

MEMORANDUM

To: Board of Trustees
Residential Construction Institute

From: Keith Sashaw

Date: July 23, 1996

Subject: Request for Funding - 1996/97 Global Funding

Based on discussions of previous years, and on direction from the Board of Trustees of RCI to prepare requests for funding predicated on a "global" budget basis, the Canadian Home Builders' Association of BC has prepared this year's request.

Attached as appendices to this report are:

- 1) Education and Training 1996/97 Business Plan
- 2) Education and Training Guidelines for Local Associations
- 3) Licensing Agreement
- 4) Education and Training Course Syllabus
- 5) 1996/97 Budget of CHBA BC which was approved at the April Board of Directors meeting.

As indicated in the Budget, the revenue projections include an anticipated grant from RCI in the amount of \$201,000. While the funding request is for a total of \$220,000, this higher amount will allow the Association to undertake some special projects which have not been included in the CHBA BC budget. This includes the development of an Examination Preparation Course to better prepare our members to write the BC Building Code Examination, the support for members of PGHBA who experienced an extraordinarily high failure rate in the Code examination, undertaking a review of all existing programs with a view to standardizing the format and updating where required the content of courses and establishing a presence on the Internet, which will allow enhanced promotion of the policies and programs of CHBA BC.

It should be noted this budget does not reflect the decision of the Board of Directors to target increasing the Members' Equity of the Association to \$500,000 by the end of the fiscal year 2001. This goal will necessitate a review of the activities of the Association with a view to either increasing revenues or reducing expenditures.

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3700 Willington Ave.
Burnaby, B.C. V5G 3H2
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Tel (604) 432-7112
Fax (604) 432-9038
A

MEMBERSHIP
MAKES A
DIFFERENCE

7/15/96

REQUEST FOR FUNDING

SUBMITTED BY
CANADIAN HOME BUILDERS' ASSOCIATION OF BC
for the period July 1, 1996 to June 30, 1997

	Government & Media Relations	Technical Services	Marketing & Professional Development	Administration & Membership Services	Budget	
					1996-97	Revised 1995-96
Revenue:						
Member Dues	\$67,102			\$124,618	\$191,720	\$190,000
Miscellaneous				500	500	500
Programs:						
National Convention					0	9,000
Georgie Awards				39,500	39,500	238,000
Provincial Conference				0	0	0
Contracts / Manuals		\$16,000			16,000	16,000
Illustrated Building Code		12,426			12,426	40,000
Field Representative					0	55,000
R-2000 Program, NR Can					0	20,000
R-2000 Enrolments					0	7,500
Interactive Video					0	20,000
Re-certification of RHP's			\$10,875		10,875	11,000
Education & Training			112,000		112,000	116,600
Total Revenue	\$67,102	\$28,426	\$122,875	\$164,618	\$383,021	\$723,600
Expenses:						
Govt & Media Relations	\$171,954				\$171,954	\$167,400
Administration				\$147,050	147,050	190,626
Membership Services				8,300	8,300	27,000
Marketing & Prof Dev			\$214,561		214,561	283,141
Technical Services		\$37,227			37,227	109,450
Total Expenses	\$171,954	\$37,227	\$214,561	\$155,350	\$579,092	\$777,617
RCI Funding request	\$116,600 *		\$103,400		\$220,000	\$290,000

* Note: This amount is comprised of general activities associated with Government Liaison and Executive Office activities of CHBA-BC (\$116,600).

RESIDENTIAL CONSTRUCTION INSTITUTE

Proposed Budget for 1996-97

	Budget		Actuals
	1996-97	1995-96	1995-96
INVESTMENT INCOME:			
Interest - Bank	\$400.00	\$500.00	\$363.76
Interest - RBC Dominion Securities	30,000.00	40,000.00	28,601.80
Revenue - Contribution from NHW	165,000.00	165,000.00	220,000.00
Total Investment Income	\$195,400.00	\$205,500.00	\$248,965.56
COSTS AND EXPENSES:			
Administration Expense	\$1,000.00	\$2,000.00	\$1,782.96
Loss on Sale of Marketable Securities	0.00	0.00	2,721.39
Amortization Expense	4,335.00	4,335.00	4,335.00
Audit Expense	2,000.00	2,000.00	2,120.00
Bank Charges	100.00	100.00	56.50
Meeting Expense	500.00	500.00	185.40
Office Expense	1,000.00	1,000.00	465.58
RCI PROJECT FUNDING:			
Funding for Projects	\$220,000.00	\$290,000.00	\$290,000.00
Total Expenses Incurred	\$228,935.00	\$299,935.00	\$301,666.83
Surplus (Deficiency)	(\$33,535.00)	(\$94,435.00)	(\$52,701.27)



RESIDENTIAL CONSTRUCTION INSTITUTE OF B.C.

A Division of C.H.B.A. EDUCATION & TRAINING TRUST FUND of B.C.

BOARD OF TRUSTEES:
William C. Strain, Chairman
Brady Jelinek, Secretary

Neil Ziola
Dave Metcalf
Robert C. Kuhn
David Verge
Richard Stewart

CHARTER SPONSORS:
Canadian Home Builders' Association of B.C.
New Home Warranty Program of B.C. and the Yukon
Mortgage Insurance Company of Canada
Employment and Immigration Canada
Greater Vancouver Home Builder's Association

Residential Construction Institute (RCI)

Meeting on July 29, 1996

MINUTES

Attending: Bill Strain - Chair
Richard Stewart
Dave Metcalf (teleconference)
Trusha Pandit
David Verge
Neil Ziola
Keith Sashaw

Bill Strain brought the meeting to order at 10:05 am.

A. Financial Statements

Trusha presented the financial statements for the year-end as of June 30, 1996.

- Cash stands at \$130,000
- Investments is at \$356,000; overall cash and investments decreased by 45,000 over the past year.
- Accrued ~~interest~~ is at \$2,700, lower than the previous year, because of lower investments
- Inventory is decreasing and is quite old. Most of the binders have been used, with only ADA manuals remaining.
- Accounts Payable is at \$2000 which is an accrued amount to Manning Jamieson for the 1995/1996 audit.
- Due to CHBA-BC; accrued amount in 1994 was \$1,863. The entire 95/96 grant of \$290,000 was paid to CHBA-BC.
- Deficit is at \$52,700, lower than budgeted amount. NHW contribution of \$220,000 was higher than budgeted because of the difference in NHW year-end (Feb. 29) and RCI year-end (June 30).

Bill suggested showing this contribution in the financials as \$55,000 as being deferred. There is an overall deficit of 107,700.

Administrative expenses: write off of obsolete inventory

...2/.



bigger multi-family companies, and become their training facility.

Bill mentioned that there is a wide selection of courses for tradespeople. Dave suggests creating a technical portion, while concentrating on the builder.

Keith mentioned that in order for CHBA-BC and RCI to play a stronger role in course development, it may be worthwhile to sit down and ask what courses they want and develop a proposal outlining costs and general structure. It will be important to find out what the current issues are and possibly offer a bulk company discount.

David reminded everyone that NHW is very limited to be the sole source of funding and that additional funding must come from alternative sources.

Richard mentioned that it would be beneficial to offer a program that takes advantage of the political climate. It would also be beneficial to offer the company an opportunity to become proactive in the legislation of the industry and meet with funders.

Neil commented that the bigger companies already have gone through the Interactive Video. He mentioned that most builders contract out, and the safety training is not worth it.

Richard mentioned that the labour minister will look at it closely and possibly bring about a union environment.

Keith stated that the builder will need to outline what his educational needs are. Before we develop the courses, we need commitment from the industry, in terms of a safer work site, better quality product, and the qualifications of the worker.

Bill suggested that we proceed on arranging for the meeting.

Keith stated that the role CHBA-BC plays in policy development and government liaison are important issues to convey to the builders. A letter to builders, under Neil's or David's signature stating our concerns and our accomplishments to date, as well as asking for their financial assistance is necessary.

Dave suggested that a proper time frame be set. Keith suggested September would be an ideal time, with letters going out in August.

Keith suggested highlighting the top 20 or 25 companies who have credibility and influence in the residential construction industry. David mentioned that the top 30

...4/.



in discussion with the locals. The question raised deals with how locals can make a profit if \$100 is paid to the provincial office. Although the budget considers a contribution of \$201,000 from RCI, Keith requests a contribution of \$220,000. The higher rate of interest will assist in offsetting costs. A contract will be awarded to BCIT to develop courses for \$3,500.

In Prince George, 100% of exam writers failed. A training program will cost \$5,000. Currently, there is a review of courses and ongoing development of public policy.

Keith added that the Executive of CHBA-BC is committed to reducing expenditures and improve CHBA-BC's accumulated surpluses, and build to a stronger position by re-building retained earnings.

Neil asked how RCI's fund would be sustained and/or replenished. David commented that the interest could help sustain the fund. We have to examine if there is a better rate of interest early next year, because claims could increase. The key is to expand levels of sponsorships, so that CHBA could move on to bigger and better things.

Neil asked how we will ensure that the locals are delivering their best and to our satisfaction. Keith answered that the locals have identified their courses and have paid us the licensing fees. One scenario that we could face is that there is interest, but is not one of the local's priorities.

Bill mentioned that if we don't support industry, then we won't gain support. The field rep program is important, but we don't want to take money from the government.

David suggested not singularly focussing on E&T, because we can't create global funding. Although we have industry commitments and the association has ongoing programs, we must find funding.

Dave suggested concentrating on a specific strategy for funding, involving someone from the government and financial institutions.

Keith mentioned that in the US, a consumer organization of 2800 members called SOB (Spotlight on Bad Builders) is an active group. Richard commented that we are very lucky to not have any enemies against the residential construction industry.

RCI budget

David reports that one-third of NHW's contribution has been paid, and there will not be any problems in meeting that comm commitment. ...6/.

Processed on Jul 29 96

Residential Construction Institute
Vancouver, British Columbia
Financial Statements - June 30, 1996

Residential Construction Institute

Statement of Operations

For the quarter ending June 30, 1996

	Quarter Actual	Y-T-D Actual	Budget	%YTD /Bud
Investment income:				
Interest - Bank	103.90	363.76	500.00	72.75
Interest - RBC Dominion Sec	6,494.41	28,601.80	40,000.00	71.50
Revenue - NHW Contribution	45,000.00	165,000.00	165,000.00	100.00
Total Investment Income	51,598.31	193,965.56	205,500.00	94.39
Costs and expenses:				
Administration Expense	0.00	1,782.96	2,000.00	89.15
Gain/Loss on Investment	0.00	2,721.39	0.00	0.00
Amortization Expense	4,335.00	4,335.00	4,335.00	100.00
Audit Expense	2,000.00	2,120.00	2,000.00	106.00
Bank Charges	0.00	56.50	100.00	56.50
Travel / Meeting Expense	58.55	185.40	500.00	37.08
Office Expense	274.23	465.58	1,000.00	46.56
RCI Project Funding:				
Funding For Projects - CRB	72,500.00	290,000.00	290,000.00	100.00
Total Expenses Incurred	79,167.78	301,666.83	299,935.00	100.58
Surplus (Deficiency)	(27,569.47)	(107,701.27)	(94,435.00)	114.05

RESIDENTIAL CONSTRUCTION INSTITUTE

Schedule showing Market Values of Investments
as at June 30, 1996

Maturity Date	Description	Investment Amount	Principal Repayment	Net Book Value	Market Value	Rate
01-Sep-97	NHA Mortg. Security bond - Firstline Pool	\$260,152.40	\$1,203.28)* \$1,711.32)** \$1,843.04)@ \$1,984.64)#	\$253,410.12	\$255,387.60	6.625%
02-Mar-98	Province of BC note	\$102,299.32		\$102,299.32	\$101,571.00	7.00%
	Total Securities	\$362,451.72	\$6,742.28	\$355,709.44	\$356,958.60	
	Cash balance			\$129,110.01	\$129,110.01	4.00%
	TOTAL VALUE			\$484,819.45	\$486,068.61	

Please Note: * denotes principal repaid during 1992-93
 ** denotes principal repaid during 1993-94
 @ denotes principal repaid during 1994-95
 # denotes principal repaid during 1995-96

RESIDENTIAL CONSTRUCTION INSTITUTE Schedule of Contributions Received from New Home Warranty from 3/1/95 to 6/30/96		
Date	Description	Amount
29-Mar-95	Balance upto 2/28/95	\$45,000
25-May-95	1st instalment	40,000
TOTAL: Mar 1/95 to June 30/95		\$85,000
20-Sep-95	Contribution	\$17,000
08-Nov-95	Contribution	12,000
15-Dec-95	Contribution	27,000
19-Feb-96	E & T sponsorship	30,000
21-Mar-96	Education & Training	34,000
29-May-96	Education & Training	45,000
TOTAL: Jul 1/95 to Jun 30/96		\$165,000
29-May-96	1996/97 grant	55,000
TOTAL: Jul 1/96 to Jun 30/97		\$55,000

Note: June 30th is year-end for RCI and CHBA-BC
Feb 29th is year-end for New Home Warranty



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Residential Construction Institute (RCI)

Meeting on July 29, 1996

MINUTES

Attending:	Bill Strain - Chair	David Verge
	Richard Stewart	Neil Ziola
	Dave Metcalf (teleconference)	
	Trusha Pandit	Keith Sashaw

Bill Strain brought the meeting to order at 10:05 am.

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- Deficit is at \$52,700, lower than budgeted amount. NHW contribution of \$220,000 was higher than budgeted because of the difference in NHW year-end (Feb. 29) and RCI year-end (June 30).

Bill suggested showing this contribution in the financials as \$55,000 as being deferred. There is an overall deficit of 107,700.

Administrative expenses: write off of obsolete inventory

...2/.



The Investment schedule shows that market value was slightly higher than book value, and cash balance was \$129,000.

The income statements for 95/96 shows that RBC statements have reconciled with our books, showing interest as being \$28,600 including accrued interest of \$8,700. The rate of interest from RBC is 4%.

\$220,000 received during the fiscal year with \$55,000 to be shown as deferred revenue. \$100,000 with \$45,000 this year and \$55,000 deferred.

Alternative Funding Sources - Fund Raising Meeting

David Verge mentioned that efforts must be made to find additional sponsors for Education and Training. Keith commented that there have been problems in the past with funding from the provincial government. The delivery of programs, administered through the Ministry of Skills, Training and Labour is being shifted from the provincial to the federal government. Keith added that grants upto \$72,000 are available, but it is not guaranteed that we would receive this grant.

David Verge suggested that the role of RCI delivering E&T is not well-known. An industry brochure, delivered to private companies, would assist in accessing additional private funds for educational delivery purposes.

David mentioned that NHW is too limited to provide funding for E & T. It is also important to note that NHW should be available to everyone. Richard suggested requesting additional funding from UDI. Bill suggested getting the assistance of one the major banks.

David commented that in his discussions with Polygon, they would like to see some kind of site preparation course that would lead to certification. If they were given this opportunity, maybe they would provide the funding. We have to develop the program, bring to them successes and show them where the funding came from and offsetting their internal costs.

Bill mentioned that we already have a course from the WCB apprenticeship and are awaiting results. Keith has followed up on this.

Keith suggesting approaching organizations and become their facilitators, and then start developing courses. Keith commented that there is a low participation rate from the bigger companies. It would be worthwhile for them to support the current Education and Training program. It may be worthwhile to hold a meeting with the

...3/.



bigger multi-family companies, and become their training facility.

Bill mentioned that there is a wide selection of courses for tradespeople. Dave suggests creating a technical portion, while concentrating on the builder.

Keith mentioned that in order for CHBA-BC and RCI to play a stronger role in course development, it may be worthwhile to sit down and ask what courses they want and develop a proposal outlining costs and general structure. It will be important to find out what the current issues are and possibly offer a bulk company discount.

David reminded everyone that NHW is very limited to be the sole source of funding and that additional funding must come from alternative sources.

Richard mentioned that it would be beneficial to offer a program that takes advantage of the political climate. It would also be beneficial to offer the company an opportunity to become proactive in the legislation of the industry and meet with funders.

Neil commented that the bigger companies already have gone through the Interactive Video. He mentioned that most builders contract out, and the safety training is not worth it.

Richard mentioned that the labour minister will look at it closely and possibly bring about a union environment.

Keith stated that the builder will need to outline what his educational needs are. Before we develop the courses, we need commitment from the industry, in terms of a safer work site, better quality product, and the qualifications of the worker.

Bill suggested that we proceed on arranging for the meeting.

Keith stated that the role CHBA-BC plays in policy development and government liaison are important issues to convey to the builders. A letter to builders, under Neil's or David's signature stating our concerns and our accomplishments to date, as well as asking for their financial assistance is necessary.

Dave suggested that a proper time frame be set. Keith suggested September would be an ideal time, with letters going out in August.

Keith suggested highlighting the top 20 or 25 companies who have credibility and influence in the residential construction industry. David mentioned that the top 30

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in discussion with the locals. The question raised deals with how locals can make a profit if \$100 is paid to the provincial office. Although the budget considers a contribution of \$201,000 from RCI, Keith requests a contribution of \$220,000. The higher rate of interest will assist in offsetting costs. A contract will be awarded to BCIT to develop courses for \$3,500.

In Prince George, 100% of exam writers failed. A training program will cost \$5,000. Currently, there is a review of courses and ongoing development of public policy.

Keith added that the Executive of CHBA-BC is committed to reducing expenditures and improve CHBA-BC's accumulated surpluses, and build to a stronger position by rebuilding retained earnings.

Neil asked how RCI's fund would be sustained and/or replenished. David commented that the interest could help sustain the fund. We have to examine if there is a better rate of interest early next year, because claims could increase. The key is to expand levels of sponsorships, so that CHBA could move on to bigger and better things.

Neil asked how we will ensure that the locals are delivering their best and to our satisfaction. Keith answered that the locals have identified their courses and have paid us the licensing fees. One scenario that we could face is that there is interest, but is not one of the local's priorities.

Bill mentioned that if we don't support industry, then we won't gain support. The field rep program is important, but we don't want to take money from the government.

David suggested not singularly focussing on E&T, because we can't create global funding. Although we have industry commitments and the association has ongoing programs, we must find funding.

Dave suggested concentrating on a specific strategy for funding, involving someone from the government and financial institutions.

Keith mentioned that in the US, a consumer organization of 2800 members called SOB (Spotlight on Bad Builders) is an active group. Richard commented that we are very lucky to not have any enemies against the residential construction industry.

RCI budget

David reports that one-third of NHW's contribution has been paid, and there will not be any problems in meeting that comm commitment. ...6/.



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Processed on Jul 29 96

Residential Construction Institute
Vancouver, British Columbia
Financial Statements - June 30, 1996

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Residential Construction Institute
Vancouver, British Columbia
Financial Statements - June 30, 1996

Residential Construction Institute

Statement of Operations

For the quarter ending June 30, 1996

	Quarter Actual	Y-T-D Actual	Budget	%YTD /Bud
Investment income:				
Interest - Bank	103.90	363.76	500.00	72.75
Interest - RBC Dominion Sec	6,494.41	28,601.80	40,000.00	71.50
Revenue - NHW Contribution	45,000.00	165,000.00	165,000.00	100.00
Total Investment Income	51,598.31	193,965.56	205,500.00	94.39
Costs and expenses:				
Administration Expense	0.00	1,782.96	2,000.00	89.15
Gain/Loss on Investment	0.00	2,721.39	0.00	0.00
Amortization Expense	4,335.00	4,335.00	4,335.00	100.00
Audit Expense	2,000.00	2,120.00	2,000.00	106.00
Bank Charges	0.00	56.50	100.00	56.50
Travel / Meeting Expense	58.55	185.40	500.00	37.08
Office Expense	274.23	465.58	1,000.00	46.56
RCI Project Funding:				
Funding For Projects - CRB	72,500.00	290,000.00	290,000.00	100.00
Total Expenses Incurred	79,167.78	301,666.83	299,935.00	100.58
Surplus (Deficiency)	(27,569.47)	(107,701.27)	(94,435.00)	114.05
	=====	=====	=====	=====

Residential Construction Institute

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RESIDENTIAL CONSTRUCTION INSTITUTE

Schedule showing Market Values of Investments
as at June 30, 1996

Maturity Date	Description	Investment Amount	Principal Repayment	Net Book Value	Market Value	Rate
01-Sep-97	NHA Mortg. Security bond - Firstline Pool	\$260,152.40	\$1,203.28)* \$1,711.32)** \$1,843.04)@ \$1,984.64)#	\$253,410.12	\$255,387.60	6.625%
02-Mar-98	Province of BC note	\$102,299.32		\$102,299.32	\$101,571.00	7.00%
	Total Securities	\$362,451.72	\$6,742.28	\$355,709.44	\$356,958.60	
	Cash balance			\$129,110.01	\$129,110.01	4.00%
	TOTAL VALUE			\$484,819.45	\$486,068.61	

Please Note: * denotes principal repaid during 1992-93
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RESIDENTIAL CONSTRUCTION INSTITUTE Schedule of Contributions Received from New Home Warranty from 3/1/95 to 6/30/96		
Date	Description	Amount
29-Mar-95	Balance upto 2/28/95	\$45,000
25-May-95	1st instalment	40,000
TOTAL: Mar 1/95 to June 30/95		\$85,000
20-Sep-95	Contribution	\$17,000
08-Nov-95	Contribution	12,000
15-Dec-95	Contribution	27,000
19-Feb-96	E & T sponsorship	30,000
21-Mar-96	Education & Training	34,000
29-May-96	Education & Training	45,000
TOTAL: Jul 1/95 to Jun 30/96		\$165,000
29-May-96	1996/97 grant	55,000
TOTAL: Jul 1/96 to Jun 30/97		\$55,000

Note: June 30th is year-end for RCI and CHBA-BC
Feb 29th is year-end for New Home Warranty

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RESIDENTIAL CONSTRUCTION INSTITUTE OF B.C.

A Division of C.H.B.A. EDUCATION & TRAINING TRUST FUND of B.C.

BOARD OF TRUSTEES:
William C. Strain, Chairman
Bob Jelinek, Secretary

Neil Ziola
Dave Metcalf
Robert G. Kuhn
David Verge
Richard Stewart

CHARTER SPONSORS:
Canadian Home Builders' Association of B.C.
New Home Warranty Program of B.C. and the Yukon
Mortgage Insurance Company of Canada
Employment and Immigration Canada
Greater Vancouver Home Builder's Association

Residential Construction Institute Board of Trustees Meeting of October 2, 1997

MINUTES

Attendance:	Bill Strain (Chair)	Keith Sashaw
	Bob Kuhn	David Verge
	Neil Ziola	Bob Jelinek
	Dave Metcalf	Trusha Pandit
	Doris Penner	Recorder: Harbinder Kainth

1. Call to Order

Bill Strain called the meeting to order at 12:20 pm.

2. Review of 1996/97 Financial Statements

Trusha Pandit reported on the financials for the quarter ended June 30, 1997. Cash and assets are reduced during 1996/97 by \$115,000. The retained earnings have depleted to \$7,000. Expenses have been exceeding income for the past few years.

Interest revenue stands at \$25,000.

NHW's budgeted contribution was \$165,000, but only \$115,000 was received during RCI's fiscal year of 1996/97. Administrative costs are in-line and below budget. The audit expense has also been reduced, and is below budget.

The entire CRB funding of \$220,000 has been accrued. However, \$23,000 was due to CHBA-BC as of June 30.

Currently, there are two sources of income: the contribution from New Home Warranty and interest income.

RCI Minutes of October 2, 1997 Meeting Page 1



Keith Sashaw noted that CHBA-BC's housing policy: "Housing 2020: A Plan of Action" has been revised and is available.

Dave Metcalf noted that Education and Training courses are being run on a cost-recovery basis.

4. Request for Funding from CHBA-BC

Keith Sashaw noted that CHBA-BC's focus is on policy development and education and training.

The Georgie Awards and the Conference are intended to be self-generating sources of revenue for the Association. The sale of books and contracts also brings in revenues to the Association. Membership dues are a significant part of the budget. Technical services are also intended to be self-funded.

Request for funding is \$210,000 from RCI, which would be put towards policy development and education and training.

Keith Sashaw noted that education and training courses are being held on a cost-recovery basis. To cut costs, all CRB courses will be held at CHBA-BC offices. There will be an aggressive campaign to promote the Fall and Spring training schedules.

Trusha Pandit reported that gross revenues for education and training last year were \$43,000.

It was mentioned by Keith Sashaw that without the financial contributions of the Residential Construction Institute, the Association would not be able to run effectively.

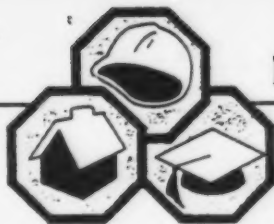
5. RCI Budget

Trusha Pandit reported that all expenses for 1996/97 were in line with the budget. A contribution of \$165,000 from New Home Warranty will maintain the same budget as last year.

The budgeted deficit is \$23,835, and unless additional sources of income are identified, we will end fiscal year 1997/98 with negative retained earnings of \$16,000.

RESIDENTIAL CONSTRUCTION INSTITUTE Schedule of Contributions Received from New Home Warranty from 7/6/93 to 10/1/97			
Date	Description	RCI fiscal year ended June 30	NHW fiscal year ended Feb 29
06-Jul-93	Contribution	\$35,000	\$35,000
14-Oct-93	Contribution	25,000	25,000
21-Jan-94	Contribution	40,000	40,000
22-Feb-94	Contribution	190,000	190,000
NHW fiscal year 1993/94			\$290,000
02-Jun-94	Contribution	40,000	40,000
RCI fiscal year 1993/94		\$330,000	
13-Sep-94	Contribution	\$40,000	\$40,000
03-Jan-95	Contribution	40,000	40,000
NHW fiscal year 1994/95			\$120,000
29-Mar-95	Balance upto 2/28/95	45,000	\$45,000
25-May-95	1st instalment	40,000	40,000
RCI fiscal year 1994/95		\$165,000	
20-Sep-95	Contribution	\$17,000	17,000
08-Nov-95	Contribution	12,000	12,000
15-Dec-95	Contribution	27,000	27,000
19-Feb-96	E & T sponsorship	30,000	30,000
NHW fiscal year 1995/96			\$171,000
21-Mar-96	Education & Training	34,000	\$34,000
29-May-96	Education & Training	45,000	45,000
RCI fiscal year 1995/96		\$165,000	
29-May-96	Education & Training	\$55,000	55,000
03-Sep-96	Education & Training	21,000	21,000
29-Jan-97	1996/97 commitment	39,000	39,000
RCI and NHW fiscal year 1996/97		\$115,000	\$194,000

Note: June 30th is year-end for RCI and CHBA-BC
Feb 29th is year-end for New Home Warranty



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Richard Stewart

RESIDENTIAL CONSTRUCTION INSTITUTE

NOTES

APRIL 1st, 1998

CHARTER SPONSORS:
Canadian Home Builders' Association of B.C.
New Home Warranty Program of B.C. and the Yukon
Mortgage Insurance Company of Canada
Employment and Immigration Canada
Greater Vancouver Home Builder's Association

In Attendance:

Bill Strain
Bob Jelinek
Doris Penner
David Verge

Bob Kuhn
Jim Thomson
Dave Metcalf
Keith Sashaw

1. Welcome and Call to Order

Chair Bill Strain called the meeting to order at 1:45 pm.

2. Review of Financial Statements

Keith Sashaw presented the financial statements as of December 31, 1997, and explained that this is a Second Quarter statement. It was noted that the contribution from New Home Warranty has been rolled over into investments, which are yet to be determined.

The bulk of the funding is towards CHBA-BC grants.

Cash flow for the Association is steady; however, at the Georgie Launch on Thursday, it is expected that there will be a number of cheques being presented which will help our cash flow considerably.

CHBA-BC is in the process of updating its' cash flow projections. Currently, we should have approximately \$58,000, and we are requesting \$47,000 from RCI.

Appreciation was extended to David Verge for New Home Warranty's timely contribution.

The cash infusion from New Home Warranty will allow us to make some investments; however, we must inquire as to how much we can put in one investment. A schedule of investments was attached to the financial statements. Bill Strain will speak to Gord at RBC Securities.

3. Activities of CHBA-BC

Keith Sashaw reported that as of February 28, 1998, CHBA-BC was in a negative cash position, however, this is expected to increase due to Georgie sponsorships coming in.

Doris Penner requested that more financial information is necessary for RCI.

...2/



Keith explained that there had been some staffing changes in the Accounting Department. Julie Burton has been replacing Trusha Pandit during her maternity leave.

David Verge inquired about discussions seeking additional sources for revenues and new initiatives.

Bill Strain explained that on-going discussions with National Home Warranty indicate that there are opportunities for contribution, although they haven't committed to a firm amount yet.

David Verge reiterated that in order to be a major player in the Association, they (National Home Warranty) must support the housing industry.

David Verge also noted that recently, it has become necessary for some Local Associations to make significant contributions to charity organizations. It was mentioned that if Locals need to divest their money, that this could perhaps be put towards RCI. Bill Strain will write to the Local Associations suggesting this.

4. CHBA-BC Budget

Keith Sashaw explained that CHBA-BC has had to reduce its' expenditures by about \$7,000, and the shortfall in revenues is about \$12,000.

CHBA-BC's focus has been on labour issues, government liaison, industry accreditation, and mandatory warranty. Keith noted that the Housing Technical Forum was a successful event, and that education and training programs are continuing with a fair number of participants. An agreement has been signed to deliver training programs at GR Tech College, a private learning institution. A successful CRB program was held in Victoria. The Certified Renovator (CR) program is being discussed, and CHBA-BC is seeking assistance from CHBA-National and CMHC.

Keith explained that the Communications Strategy fund last year to battle Bill 44 raised about \$40,000, and \$32,000 was spent. A plea for help was sent again this year, and to date, approximately \$9,000 has already been raised.

Most of the cuts at CHBA-BC has been in the area of technical services.

Zero revenues are being projected for the Building Code book since a new Code will be introduced in a few months. However, there is minimal inventory.

There has not been anything budgeted for conferences due to the lack of support and participation, however; a housing policy forum is being scheduled for the Fall, which may provide as an additional revenue source. There have been positive discussions with CMHC regarding marketing opportunities with their Housing Outlook Conference.

The Georgie Awards budget is based on known expenditures. Last year, projected surplus was \$13,000, and actual surplus was about \$28,000. This year, surplus has been budgeted at \$10,000. Given the current state of the economy, there may not be that many entries, however, we are quite confident that tickets will be sold out.



5. RCI Budget

It was noted that it is not anticipated that there will be any changes on the budgeted items, although there may be a reduction on expense items.

Anticipated revenues are from interest, investments, and the contribution from New Home Warranty.

The budget from 1997/98 has been amended to become the budget for 1998/99. The contribution from New Home Warranty is shown as \$160,000 and \$5000 from miscellaneous contributions. Interest revenues will be kept at \$25,000. It was suggested that interest revenues be reviewed, since they could be considerably higher. Bill Strain will discuss this with the investment advisor.

Doris Penner noted that Zurich Insurance had indicated an interest in being a major contributor to RCI.

The budget does not take effect until July, and will be finalized for the next meeting.

There was some concern that if legislation occurs, the \$160,000 contribution could be terminated. Therefore, the budget should be provisionally accepted.

Bob Kuhn motioned, and Doris Penner seconded that *the RCI Board advise CHBA-BC that the \$210,000 contribution be subject to statutory regime, and that the budget be provisionally accepted.* All were in favour. The motion was carried.

Bill Strain mentioned that with RCI being a trust fund, the government could do damage. Would it be possible to allocate some of the trust to fight against legislation? Bob Kuhn answered that, legally, the proposal must fit within specific guidelines. Bob Kuhn suggested that this issue be tabled until further discussion, since it is impossible to anticipate anything at this time.

It was further suggested that this issue could be dealt with at an emergency meeting of RCI, since there are many specifics and unanswered questions.

6. RCI Investment Strategy

CHBA-BC will provide Bill Strain a cash flow chart by July 15th for the investment strategy.

7. New Business

It was noted that National Home Warranty is receptive to our discussions. Bob Kuhn commented that if National is not prepared to contribute but wants to share benefits, then it is certainly unfair. Bill Strain will draft a letter to National Home Warranty asking for a contribution.

Keith Sasnow also mentioned that the furnace in the office may need to be replaced, which is about an \$800 expense.

There being no other business, the meeting was adjourned at 2:45 pm.

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RESIDENTIAL CONSTRUCTION INSTITUTE

Notes of May 21st, 1999 Meeting

In Attendance:

Bill Strain - Chair

Bob Jelinek

Keith Sashaw

Doris Penner

Trusha Pandit

Jim Thomson (teleconference)

The meeting was called to order at 12:15 pm by Bill Strain.

It was reported that Jim Thomson is the Acting President of New Home Warranty.

Trusha Pandit provided a detailed description of the financial statements. The deficit is \$147,000 as of March 31, 1999. As of June 1, 1999, the deficit will reach \$199,500. Cash available is \$5,200.

The market value of the securities is \$287,000.

CHBA-BC is expecting \$123,000 from RCI as of March 31, 1999.

As of June 30, 1999, \$177,500 will be owed to CHBA-BC. It was noted that RCI has been invoiced.

If RCI fulfills their financial obligation to CHBA-BC, RCI will have limited funds left.

Keith Sashaw reported that CHBA-BC has had a very busy and productive year. The Fall and Spring training season went very well with only three cancellations during the Spring season. The HPO seminars were very successful, attracting over 700 people, however, the Housing Technical Forum was disappointing. A proposal has been received to revamp the Housing Technical Forum. The Housing Issues Conference generated unanticipated revenues of \$3,000.

The development of a Soils and Foundations course is underway, and local associations are reviewing specific courses for delivery in their area. The general feeling is that there is a wait and see attitude regarding licensing regulations before builders take any courses.

It was noted that a course on construction is being reviewed by Chris Mattock.

The next step is to proceed with renovator licensing, in a tiered structure.

Keith Sashaw explained that discussions regarding a Building Envelope Course has been in the process. Discussions with CMHC and HPO regarding the \$150,000 delivery fee have been ongoing.

A meeting with BCIT was held to explore alternatives and stronger linkages and partnerships. There have been discussions regarding the CRB program towards accreditation in the degree program.

In the meantime, CHBA-BC is experiencing a cash crisis on a day to day basis. CHBA-BC is accessing a maximum \$40,000 line of credit, and invoices are being held. Every effort is being made to monitor expenses and make cuts where possible.

CHBA-BC is currently in the process of developing the 1999/2000 Budget. It was noted that a request has been made to the HPO for the funding of a Director of Education. The Director would be at a management level. The HPO has a budget of \$400,000 for research and education, however, there will be competing

demand for these dollars. It was noted that the HPO has indicated it does not plan to develop or deliver any courses.

Bill Strain questioned whether RCI could make an application for the HPO funding.

It was also commented that we may be more successful in getting funding on a program to program basis.

Discussion ensued on the possibilities of requiring mandatory CRB.

Discussion then centred on the structure and focus of RCI, with or without warranty providers participation.

It was reiterated that CHBA-BC must concentrate on the positive, rather than dwelling on what's happened in the past.

Keith Sashaw commented that a course of direction needs to be set, and the roles and the responsibilities of RCI within the strategic plan.

It was agreed that the role of the warranty providers is a big one, and the make-up of the Board may be changed as a result of this.

Bill Strain and Keith Sashaw will meet to discuss priorities of RCI.

It was agreed that we don't want to miss any opportunities to capitalize on funding.

Bob Kuhn motioned and Bob Jelinek seconded to meet the obligations made by RCI, and withdraw invested money to provide funding to CHBA-BC.

It was noted that the investments are there to maximize returns. Interest is being charged on invoices to RCI and also for interest charged on the line of credit.

All were in favour of the motion. The motion was carried.

It was agreed that Bill Strain and Keith Sashaw will work together in determining on the role and definition of RCI, providing options and alternatives. The focus will be on funding and purpose.

Bill Strain will also contact London Guarantee and GE Capital regarding contributions.

It was mentioned that there are many marketing opportunities available for warranty providers. It is a highly competitive environment, and sponsorship opportunities are awaiting.

Doris Penner mentioned that in discussions with London Guarantee, they seemed very interested.

Keith Sashaw also agreed to list, line item by line item, the monies spent on education and training.

Doris Penner motioned to remove the trustees' names from the RCI letterhead.

Bill Strain commented that CHBA-BC not base the RCI contribution for its' budget. It was noted that CHBA-BC cannot complete its' budget process without a number from RCI. It was agreed that CHBA-BC will use the figure of \$100,000 for its' budget.

RCI Minutes

RCI September 8/99

Bill Attrain

Hkj

Doris Fennel

Bob Kulan

9:45 am

Bob Selinek

Wain Guelch

As of July 31/99 \$205,100.75 in account
would have gained \$3-400 - \$205,500.75

O/S to be pd to Chba-BC upto the 30th
would fulfill all obligations
90,443.72

Motion to pay remainder

Wain G. / Bob Selinek.

All were in favour...

Bob Kulan - under the circumstances, &
RCI.

Bob resigned effectively ^{as a trustee} prior to the meeting.
effective as of Sept 8/99.

-may come under creditor discussions.

The motion was carried.

!! - make cheque for RCI.

Bill transfer information monies.

Bill - remainder of funds:

- use those dollars to leverage other warranty asset.
- seed money
- to leverage money for e + f
- stays within the trust.

Bob B - as long as its held by the trust and the trust has continued interest, cannot be diverted

- arm's length from Ciba-BC.

Bob J - shown to be for e + f. only.

- interested in keeping RCI in existence.

Bill - process to

new - should with paragraph 3.
- keeping st belongs for creditors.

Bob K - maintaining it is better than closing it
money paid into RCI for purposes of trust
and unused for e + f

Bob - clear that it would not be used for other purposes
- then all

~~Denis mentioned to keep/maintain REX, and keep money into account.~~

Denis - don't use funds for RCI for policy development
- make it clear.

Bill - have to evaluate proposal, as they come in
- furthered goals of
- not for general revenue.

Denis - can any other association make application for funding?

Bob K - it has always been open to others.

Bill will transfer monies to B of M account.

Bob - appearing from committee's viewpoint
- need to explain ACI.

put Bob Kulins resignation at end of mty

Dennis - who / what is the process

- who is going to be responsible for leveraging

- need to start over again

- discussions with LG ongoing

Bill to reopen discussion

Dennis - talk to HPG - Atcham is aware

Bill - keep as much money for seed money

OP -

building envelope course

- CHFC to pay for \$5,000

HPG - to pay for 20,000

- delivery vehicle to CHFC

Ying - warranty people are important

Ken Velinik - major contributor was warranty in note

Bill -

~~last~~ ^{10:15} motioned to adjourn 8:30 2nd
10:15 am

NEW HOME WARRANTY - BOARD OF DIRECTORS 1993 to 1999												
		Feb-93	Jun-94	Jun-95	Jun-96	Sep-96	Oct-97	Oct-98	Jan-99	Mar-99	Mar-99	Mar-99
H.D. (Duff) Braun	Braun & Dyck Construction Ltd.	X	-	-	-	-	-	-	-	-	-	-
P.R. (Rick) Genest	Polygon Group	X	X	-	-	-	-	-	-	-	-	-
Leigh Greish	Trademark Developments	X	-	-	-	-	-	-	-	-	-	-
T. (Tim) Hickoff	Ted Hickoff Construction Ltd.	X	-	-	-	-	-	-	-	-	-	-
R. (Ron) Heen	Woodspan Developments Ltd.	X	-	-	-	-	-	-	-	-	-	-
M. (Mike) Kipol	Kipol Construction Ltd.	X	-	-	-	-	-	-	-	-	-	-
J. (Jake) Konrad	J. Konrad Enterprises Ltd.	X	-	-	-	-	-	-	-	-	-	-
E.I. Lister	Saama Holdings Ltd.	X	X	-	-	-	-	-	-	-	-	-
Ian Nahgang	Northem Traditional Homes Ltd.	X	-	-	-	-	-	-	-	-	-	-
Herman Rehnert	Collage Grove Development Ltd.	X	X	-	-	-	-	-	-	-	-	-
K. (Ken) Sawelsky	Kenora Const. & Mgmt Ltd.	X	X	-	-	-	-	-	-	-	-	-
Richard Stewart	Stewart Communications and Park Lane Ventures	X	X	X	X	X	-	-	-	-	-	-
D.C. (David) Verge	New Home Warranty	X	X	X	X	X	X	X	X	X	X	X
Fred Whitbread	Whitbread Enterprises Ltd.	X	-	-	-	-	-	-	-	-	-	-
Nell Ziola	Sure Lok Homes Ltd.	X	X	X	X	X	-	-	-	-	-	-
John Zuk	Norcaste Developments Ltd.	X	X	X	X	X	-	-	-	-	-	-
Bill Crum	Bercum Builders Inc.	-	X	X	X	X	-	-	-	-	-	-
Slid Kingma	Kingma Bros. Development Co.	-	X	X	X	X	-	-	-	-	-	-
James Thomson	Plainsman Construction	-	X	X	X	X	X	X	X	X	X	X
David Metcalfe	D.J.B. Homes Ltd.	-	-	X	X	X	-	-	-	-	-	-
Gary Cruzot	Goldwind Construction Co.	-	X	X	X	X	-	-	-	-	-	-
Danny Jedresko	W & J Construction Ltd.	-	-	-	X	X	-	-	-	-	-	-
Jim McLean	Cascade Construction Ltd.	-	-	-	X	X	-	-	-	-	-	-
John Tidman	Tidman Construction Ltd.	-	-	-	X	X	X	X	X	X	X	X
Mark Turner	Dogwood Construction Ltd.	-	-	-	X	X	X	X	X	X	X	X
Clayton Wolsey	Precision Construction Ltd.	-	-	-	X	X	-	-	-	-	-	-
Dennis Woodward	Intracorp Development Ltd.	-	-	-	X	X	-	-	-	-	-	-
Doris Penner	Quiniscoe Custom Homes	-	-	-	-	-	X	X	X	X	X	X
Doug Penzar	Penzer Construction Ltd.	-	-	-	-	-	X	X	X	X	X	X
Kevin Mahon	Adera Development Corp.	-	-	-	-	-	X	X	X	X	X	X
Bill Penella	Park Lane Ventures	-	-	-	-	-	X	X	X	X	X	X
Dan Piluso	Piluso Construction Ltd.	-	-	-	-	-	X	X	X	X	X	X
Sonny Zarf	Zarf Contracting Ltd.	-	-	-	-	-	X	X	X	X	X	X
Gary Senf	Nowac Contracting	-	-	-	-	-	-	-	-	-	-	-



**THE DIRECTORS OF
NEW HOME WARRANTY OF BRITISH COLUMBIA &
YUKON
AND THE
LEAKY CONDOMINIUM CRISIS**

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- Schedule C** Enrollment Schedule 1976 to 1999.
- Schedule D** Registered Housing Professional and Certified Residential Builder Policy and Procedures Manual (July 1995).
- Schedule E** Notice of Intention to File Proposal dated March 30, 1999..
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- Schedule G** Excerpt from the Articles of New Home Warranty of British Columbia Inc., Part 12 re Directors.
- Schedule H** Schedule of Directors of NHW since 1993.
- Schedule I** Letter from HomeBond (New home warranty provider in Ireland).
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- Schedule DD** Table of Contents to Multi-Family Maintenance Manual.
- Schedule EE** New Home Warranty Program of British Columbia and Yukon Funding Analysis as of February 28, 1997, actuarial report, February, 1998.
- Schedule FF** Executive Summary of Submission to Barrett Commission dated May 8, 1998.
- Schedule GG** New Home Warranty Program of British Columbia and Yukon Funding Analysis as of August 30, 1998, Actuarial Report January, 1990.

THE DIRECTORS OF NEW HOME WARRANTY OF BRITISH COLUMBIA & YUKON AND THE LEAKY CONDOMINIUM CRISIS

A. Introduction

This analysis of the conduct of the directors of New Home Warranty of British Columbia and Yukon ("NHW") in response to the "leaky condo crisis" in British Columbia was initiated as a result of serious allegations made against the directors. The actions of the directors were criticized by the B.C. Federation of Labour through a press release (Schedule "A") expressing its intent to "look for ways in which individual directors of the New Home Warranty program can be held personally liable for the underwriting they have made to date" and its distribution of a list of the names of the directors. In addition, stories in the media identified an intention on the part of some consumers to commence legal actions against the directors, such as in the information meetings sponsored by Condominium Homeowners Association of British Columbia and the Homeowner Protection Office at which suggestions of legal/class actions against the directors were raised and discussed. Further, publications, news releases and statements have been made by James Balderson, alleging fraud on the part of directors and seeking Federal and Provincial authorities to investigate. Finally, notice was given on April 15, 1999 (Schedule "B"), by legal counsel for aggrieved parties in one action that the liability of directors in relation to a settlement was at issue.

The following analysis concludes on the merits, after an extensive review of all relevant known facts and circumstances, there can be no basis for a claim against the directors as their conduct and actions related to the leaky condominium crisis far exceeded any reasonable standard in acting in the best interests of the company. Further, there is no evidence whatsoever that any director, in relation to any holder of a certificate of warranty, ever acted in a fraudulent, deceitful or negligent manner. Additionally, current law does not seem to support a duty of care between the directors and the holders of the certificates of warranty from NHW.

The "leaky condo crisis" is followed from 1993 until the submersion of NHW in 1999. Even with the benefit of hindsight, the actions of the directors in each successive year in dealing with the hidden but developing problem were diligent, coordinated and based on the best information available at the particular time. The analysis provides statistics on the frequency of directors meetings, bulletins and warnings to the builders and seminars in successive years in respect to the problem. The substance of relevant directors meetings in each successive year is discussed and the steps taken by the directors in response to the problem are verified. The actuarial reports which were received by the Board of Directors are discussed and scheduled. The attempts of the directors to

seek reinsurance or a partner in the new home warranty business as late as March 1999 are also discussed.

The analysis applies the legal principles regarding director's liabilities as such principles relate to the in-depth factual review of the directors' actions in dealing with the "leaky condo crisis" and concludes there is no basis for any claim against the directors given the diligence with which they carried out their duties over the many years of operation of NHW.

B. New Home Warranty of British Columbia & Yukon

1. History of the Company

New Home Warranty of British Columbia & Yukon is a division of New Home Warranty of British Columbia Inc. (collectively "NHW"). NHW was incorporated in 1976 under the name Pacific New Homes Services, Inc. and changed its name in 1995.

NHW was incorporated as a wholly owned subsidiary of the Canadian Home Builders' Association of British Columbia ("CHBA-BC") for the purpose of providing warranty protection for new home buyers. This was an industry response to concerns with respect to the quality of new home construction within the province and across Canada. New home warranty programs are in place in each of the provinces. It was never intended that NHW would disburse any "profits" to the CHBA-BC and in the result, NHW became registered under the *Income Tax Act* as a non-profit company. Revenues of the company were allocated to the Risk Reserve Fund to pay for claims or the Administration Fund for the continued operation of the new home warranty program and education development.

In the very early years of NHW, NHW provided home warranty protection only for single-family dwellings. In 1983, NHW began providing warranty protection for multi-family dwellings, in particular town homes and condominiums. By 1988 enrollments were split nearly equally between single family homes and multi-family units. In 1993, enrollment statistics changed drastically with about 75 percent of enrollments being for multi-family units. This was to a great extent a response to the rising cost of housing generally and the availability of alternatives to single-family dwellings in the form of condominiums and town homes and the somewhat lower prices for such alternatives. Such rising costs include fees, charges and levies assess by various levels of government as well as

increased land costs. In the result, the cost of housing in British Columbia is among the highest in Canada.¹

The registration of new homes under the warranty program was dependent upon new housing starts in the construction industry by builders registered with NHW. In years when new home construction was down, enrollment revenues were also down. Thus, the revenues of NHW were dependent upon the new home building sector and cyclical to the sector. Also, as NHW would invest its funds, the fortunes of NHW were also tied to the investment market and the prevailing rates received on investments.

During the period of time in which NHW conducted its business, no new home builder was required by law to be registered with NHW in order to build and sell a new home. However, a buyer of a new home who required high ratio financing had to have new home warranty coverage. Builder registration and the obligation to provide warranty coverage changed when the *Homeowners Protection Act*² became fully implemented in 1999. Prior to the Act, a builder only needed a business licence from the municipality in which the building was taking place. NHW had recommended that there be builder licensing in its submission to the Barrett Commission in 1998.

In order to obtain a new home warranty from NHW, a builder was required to be registered with NHW. A builder had to meet the technical and financial requirement of NHW and demonstrate a proven "track record" to become a "registered builder". If the builder did not meet the requirements of NHW, the builder would not be registered and could not provide a new home warranty through NHW. This did not, however, prevent the builder from building a home and selling it on the market. Also, in recent years, a competitor of NHW began offering warranty coverage in British Columbia. The greater part of the market share, however, was taken up by NHW. If at any given time a builder who was registered with NHW ceased to provide quality construction, such builder could be deregistered by NHW. In addition, some builders who could no longer meet the standards of NHW would decide not to renew their registration. Between March, 1994 and January, 1999 NHW deregistered 1,101 builders.³ Such builders nevertheless could continue to build and sell new homes.

¹ See: Greg Lampert and Marc Denhez, *Levies, Fees, Charges, Taxes and Transaction Costs on New Housing*, January, 1997. For example, in a study by the Greater Vancouver Home Builders' Association it was found that approximately 20.7 percent of the total cost of a \$200,000 single-family home based upon a 20 lot subdivision in Surrey, British Columbia, that is some \$41,312, was for taxes, fees and development costs.

² *Homeowners Protection Act*, S.B.C. 1998, c.31.

³ NHW deregistered 132 builders in the 1994 - 1995 fiscal year; 215 in 1995 - 1996; 282 in 1996 - 1997; 223 in 1997 - 1998 and 249 in 1998 to January 1999 for cause or for failure to renew.

Approximately 65 percent of new home construction, both single-family dwellings and multi-family units, were registered with NHW. Schedule C shows the new home enrollments since 1976 broken down between single family dwellings and multi-family units.

Warranty coverage was originally designed to provide deposit protection, deficiency protection at closing of the sale, an additional one year coverage for defects (latent defects) and a subsequent four years on major structural defects. In 1997, optional coverage was made available for an additional premium for builders who selected that option to provide three years water penetration protection and 10 years of coverage for major structural defects. Most builders declined to select this optional coverage until subsequent to the Barrett Commission hearings.

In addition to providing warranty protection, NHW provided at no cost to participants, both directly and indirectly, seminars to builders, realtors, lawyers, building inspectors and others on a variety of topics, particularly with respect to construction defects which were appearing as claims against the warranty program or which were recognized as problems in the industry. NHW also provided funding for various publications produced by NHW and by others, such as the CHBA-BC, to assist builders in meeting building requirements and better understand building codes.⁴ The goal of NHW was to reduce claims and thereby reduce the costs to the new home warranty program. This would, of course, provide a better built home for the home buying public.

NHW also provided indirect financial support for two programs established by CHBA-BC, the Certified Residential Builder ("CRB") program and the Registered Housing Professional ("RHP") program. To receive these designations, a builder was required to take 120 hours of classroom instruction and pass a number of exams related to those courses. In particular, a builder seeking the designation was required to pass the building inspectors' exam with at least 80%. It is anticipated that these courses will be the benchmark for builder licensing under the *Homeowners Protection Act*. A copy of the Registered Housing Professional (RHP) and Certified Residential Builder (CRB) Policy and Procedures Manual as of July, 1995 is attached as Schedule D.

As a result of escalating claims for water penetration damage in coastal areas of the Province, primarily in multi-family units, the claims against NHW which were being covered by the new home warranty program resulted in a significant depletion of the risk reserves of NHW in 1998 and 1999. Following an updated evaluation of the financial future of NHW, the Board of Directors determined that it was unable to continue to provide warranty coverage for buildings being constructed in British

⁴ For example, the Code and Construction Guide produced by CHBA-BC.

Columbia and the Yukon, and sought protection pursuant to the *Bankruptcy and Insolvency Act*³ by filing a Notice of Intention to File a Proposal on March 30, 1999. A copy of that Notice of Intention to File a Proposal is attached as Schedule E. NHW has filed its Amended Proposal which will be voted upon by its creditors, a copy of which is attached as Schedule F. This Amended Proposal provides for the liquidation of NHW.

2. Board of Directors

The Board of Directors of NHW is drawn from the board of CHBA-BC and from the local building associations. The Articles of NHW provide that there can be no fewer than nine and no more than thirteen members on the Board of Directors. Schedule G is an excerpt from the Articles indicating how the directors of NHW are appointed. A listing of the members of the Board of Directors since 1993 is attached as Schedule H.

Each of the members of the Board of Directors is a volunteer. Aside from a small stipend for attending board meetings and reimbursement for expenses incurred, the members of the Board of Directors receive no remuneration. The exception to this was the President and Chief Executive Officer who, in addition to being on the Board of Directors, worked full-time for NHW and received a salary in respect of his work as an officer of the company.

The members of the Board of Directors attend 3 to 4 meetings a year where they are briefed on matters pertaining to the operations of NHW by the President and other staff members of NHW and provided with information by NHW's advisors, most particularly the legal, accounting and actuarial advisors. The members of the Board of Directors are primarily builders and it is a requirement under section 16.1(b) of the Articles of NHW that the Chairman of the Board of Directors in a given year be a builder in good standing with a local association of the CHBA-BC and with NHW. The tenure of a director on the NHW Board of Directors is generally very short, being about two years on average.

In order to provide assistance to the members of the Board of Directors who were not experts in the administration of a new home warranty program, experts were retained by NHW including accountants, legal advisers, marketing experts, investment advisers, actuary advisers and in the last two years an actuarial auditor. NHW also retained on its staff trained individuals who carried out the day-to-day work on behalf of NHW related to the marketing of its products, reviewing and dealing with claims made against the program, preparing training documents and conducting

³ *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 as amended.

seminars with builders and others with respect to the new home warranty program, building issues, and other matters of concern to builders and those in related fields such as real estate agents, lawyers, building inspectors and others. The directors relied upon the expert advisors and the NHW staff with respect to administration of the policy decisions made by the Board of Directors from time to time.

B. The Leaky Condominium Problem

1. Identification of the Problem

In February of 1993, *The Vancouver Sun* published a series of articles entitled "Rotten to the Core".⁶ These articles reflected a perceived growing problem with water penetration, primarily in multi-family dwellings. Several of the case studies referred to in the articles related to buildings in which problems appeared in the mid 1980's. There were, however, references made to buildings which were experiencing problems at that given time which were of relatively recent construction. The

⁶ These articles include:

February 16, 1993

"Rot - Sick buildings give ex-doctor turned Mr. Fixit lots of patients for him to mend", Ben Parfitt;
 "Rotten To the Core- One out of every four wood-frame condos has serious flaws, repairer charges", Ben Parfitt;
 "Building inspection reports, memos from architects are off-limits public" Ben Parfitt;
 "Condominiums 2 - Pepper Ridge residents banking on ruling by courts to put money in bank for repairs", Ben Parfitt;

February 17, 1993

"Rotten to the Core- Rain open flood gates in costly condos", Ben Parfitt;
 "Condominiums- Developer defends present standards for construction" (no byline);

February 18, 1993

"Rotten to the Core- Inside, outside troubles plague owners, builders", Ben Parfitt;

February 25, 1993

"Condominiums- Shortage of well-trained workers blamed for leaks", Ben Parfitt;

February 27, 1993

"Condominiums- A tale of swamp and vanishing companies" Ben Parfitt.

Additional and related articles in 1993 in *The Vancouver Sun* include:

February 27, 1993

"Condominiums- Sun series on shoddy building prompts industry probe", Ben Parfitt;

March 6, 1993

"Quality control urged should to stamp out shoddy stucco application", Steve Whysall;
 "Finishes- Stucco's stalwart champion puts his case for the defence", Steve Whysall;

June 16, 1993

"Condominiums- Only trickle of gripes about buildings presented to inquiry" Neil Hall.

suggestion was made by one person in the remedial repair business that perhaps 25 percent of the multi-family units then in existence could have water damage. Other persons in the business, in particular a building inspector for the City of Vancouver, indicated that the problem was not that significant.⁷

As of 1993, NHW had received few claims for water penetration damage. This, in part, may be a fact related to the limited (one year) period in which a home owner had to make a claim for water penetration damage and the comparatively few multi family units enrolled. It was in the 1992 - 1993 fiscal year that multi family unit enrollments increased to such a level that they more than doubled the single family enrollments. In most circumstances, a water leakage claim would not qualify as a major structural defect and thus would not be covered unless the water penetration caused a structural defect in the construction. Unfortunately in many cases, notwithstanding the fact that there were water penetration problems, the particular building had not been build in compliance with building codes and was not an NHW registered building in any event. In the result, even though there may have been a "leaky condo problem", it was not a problem which was directly affecting NHW at that time. Nevertheless, as will be outlined below, NHW took steps in order to address the problem so as to reduce the potential for claims against NHW in the future.

2. History of the Problem

Water penetration is a problem in buildings in coastal climates. The problem is found not only in the coastal regions of British Columbia, but also in the Atlantic provinces, coastal regions of the Pacific Northwest and Atlantic Northeast states in the United States of America, and in coastal areas of Ireland, the United Kingdom and in Scandinavian countries. The problem appears to have become more prevalent in recent years as a result of a variety of factors which impact upon

⁷ In the February 16, 1993 article: "Rotten to the Core- One out of every four wood-frame condos has serious flaws" by Ben Parfitt it is stated:

"But a senior Vancouver city official said Vickars' estimates of 25 per cent greatly exaggerate the problem.

'I would think he's way out to lunch to be honest,' said Peter Sweeney building inspector supervisor for the city.

While there's no question some buildings leak and need repair, Sweeney said, if the problem was as bad as Vickars suggests, then city, development and construction officials would be spending a lot more time in court."

Vickars was an individual involved in building repairs who had provided an interview to *The Vancouver Sun* and had suggested that 25 percent of condominiums have water rot damage.

particularly multi-family dwellings. Moreover, it is a problem which has become more frequent as design and technological changes occur to meet the demands of the buying public and the goal of making homes more energy efficient. NHW continues to be contacted by warranty providers in Europe, who are addressing water penetration problems in their own jurisdictions as noted in Schedule I.

3. Cause of the Problem

The primary cause of the problem is that water enters into the building envelope and is not given opportunity either to flow out of the building or evaporate before it causes rotting damage to the structure. In one report, it was found that the primary place of water ingress was at "details" being such things as balcony railings, walkways, windows and other places where the nature of the join could allow water to enter the building envelope.⁸ The problem was exacerbated in circumstances where the buildings were sealed so that the water could not drain out or where building materials, systems and, or alternatively, wraps allow the moisture to be sealed in the building and not evaporate in a timely manner. Also, in the goal to provide more energy-efficient buildings, air flow in and out of the building was reduced. Moist air that is "sucked" into the building airspace from the outside (or inside) becomes trapped in wood components and organic building wraps and does not dry out in the wet coastal climate. In addition to the problem with "details", stucco clad buildings were particularly vulnerable to this problem as stucco is a porous finish allowing moisture to enter into the building envelope.

Not surprisingly, there also is a high correlation between the areas in which there is high rainfall and water penetration problems. Also, buildings constructed during times of high growth and high demand in the building sector have a greater number of claims compared to those built in lower growth periods. With respect to condominiums, there is also the fact that strata councils are generally not well equipped to deal with the maintenance issues which arise in relation to the buildings. Also, in order to keep monthly maintenance fees down, strata corporations may defer or ignore minor problems which can grow into major problems. The policy of a particular strata corporation to building issues will often be revealed in the minutes of the meetings of the strata council and the strata corporation.

⁸ See: "Survey of Building Envelope Failures in the Coastal Climate of British Columbia", November 22, 1996 report prepared by Morrison Herschfield Limited for Canada Mortgage and Housing Corp. NHW participated in the report by providing information on several buildings for case study.

In an article by Professor Mary Anne Waldron, "Symposium: The Leaky Condo Problem on the West Coast" she writes at p. 338:⁹

"... no one factor or system is wholly responsible for the leaky-condo problem. Not surprisingly, disagreement abounds about the significance of various factors. Also, each condominium structure presents a different case, with the factors of design, materials and execution bearing different weights of blame for the failing structure.

As has been frequently pointed out, buildings on the West Coast had been build for more than 100 years without significant problems from water incursion. However, since 1983, cultural change, the explosion of new building products, the escalation of land costs on the West Coast and the resultant squeezing of construction profits all produced a change in public expectation and taste with which the science of building envelope design was unprepared to cope.

Post-modern design catered to the taste of the public that wanted (or was educated to want) exterior finishes that looked like masonry rather than wood, and that dispensed with eaves and eavestroughs as ugly. Unfortunately, both the use of wood as a building material and the use of systems to drain water from the structure are eminently practical in a wet, cool coastal climate. In analyzing the design elements of the condominium problem, Trevor Boddy in *The Globe and Mail* portrayed public demand for the new "Mondo California" architecture as having been fueled by popular television shows, design professors who embraced faddish and impractical designs, and developers who were educated in Texas, Arizona and Nevada. It was desirable to adopt the new style, which not only met public tastes but was cheaper to build.

Materials are used in executing the design were often inadequate by themselves or inadequate in combination with other factors to prevent water damage into the West Coast environment. This is a highly technical area and obviously well beyond my knowledge in its detail. However, there are some examples that can be easily understood in retrospect. Stucco, in order to be applied to large projects in areas where frost was likely, was mixed with soaps and additives, which also had the effect of making it more water absorbent. Insulation employed to meet increasing standards out energy conservation reduced drying potential without any corresponding allowance being made to decrease wetting potentials as well. Use of polyethylene as a vapour and air barrier also cause problems, trapping and ceiling in moisture.

According to the findings to the Barrett Commission, the principles of sound building envelope design were not new and had been known for 30 years. *However, apparently engineers, architects and builders alike were ignorant of their impact on the new design and product environment. Certainly, members of the public purchasing condominium units could not be expected to know whether their building would prove to be water-tight.*

⁹ Mary Anne Waldron, "Symposium: The Leaky Condo Problem on the West Coast" (1999), 31 Can. Bus. L. J. 335. See also: Norman Siebrasse, "Commentary: The Insurance Challenge of Mandatory Home Warranties: A Comment on May Anne Waldron's Article" (1999), 31 Can. Bus. L. J. 380.

The execution of design and employ of materials was also very frequently defective. The list of specific building deficiencies that the Barrett Commission heard described was appallingly lengthy. Building a multiple unit structure is no simple endeavour. A multitude of detail must be translated into a multitude of specific tasks, each of which must be correctly performed to produce a well-built product. On the whole, it appears that the specific tasks were not well performed and led to further leaks. These, combined with materials that trap and hold moisture and structural designs that subjected the building to unprecedented water exposure, added the final frame to the four graphic record of condominiums covered with blue tarps and left to rot that has become familiar to many Vancouver residents."(emphasis added)

NHW attempted over the past several years, in consultation with others, to first determine "common" causes for water ingress problems and to educate builders and others through seminars and publications regarding such causes and ways and means to avoid them. Unfortunately, as Professor Waldron noted, each building is unique so new combinations of design, materials and construction skills could present problems. As discussed below, however, the criticism of engineers, designers and builders by the Barrett Commission may be ill founded given that such persons are required to follow the Building Code. There appears to be a sound basis for suggesting that the Building Code itself has contributed significantly to the problem and has exacerbated what might otherwise have been minor building defects.

4. The Building Code Changes and Government Inaction

Building standards in British Columbia are ultimately codified by the provincial government in the Provincial Building Code. Although the federal government issues a National Building Code, the provinces may modify the National Building Code based upon provincial considerations and concerns of municipalities or other interested groups.

A major concern for government with respect to building construction in the 1980's was to make new buildings more energy efficient. In response to this concern, changes were proposed to the National Building Code which would make buildings more airtight. James C. Currie, the former director of the Building Standards Branch of British Columbia indicated as early as December, 1987 in correspondence with the National Research Council with respect to the changes being made to the National Building Code for the purposes of bringing about greater energy efficiency that such changes "may actually be causing health problems, and also be creating the potential for some early structural failures."¹⁰ Mr. Currie's concerns were that by making buildings nearly airtight, the environment was being created for the growth of the fungus which caused dry rot which would lead

¹⁰ Letter from J.C. Currie dated December 1, 1997, copy attached as Schedule J.

to structural problems and for the trapping of dangerous gases, such as radon gas, in buildings. Mr. Currie's concerns were not addressed and the changes in the Building Code has been in his view a leading cause for the structural damage in wood frame buildings.

Following Mr. Currie's retirement in 1988, he continued to be concerned about the problems which would be generated by the Building Code's focus on energy efficiency to the expense of structural integrity. In a letter to the Honourable Robin Blencoe, then Minister of Municipal Affairs, Recreation and Housing, in December, 1991¹¹, Mr. Currie stated:

"Bizarre though it may seem I think that our Building Code produced for the express purpose of protecting health and safety, is actually mandating conditions which are not only detrimental to health but also seriously shorten the life expectancy of a wood-frame house, with the latter condition particularly applicable to B.C."

Mr. Currie later states:

"In the case of structural integrity I think we have a potential problem with far more obvious results, in fact I am sure that the situation already exists, but will not develop seriously until people start putting together information from different locations, and the media becomes involved."

Mr. Currie seemed to anticipate the articles in *The Vancouver Sun* which would appear in February, 1993. Later in the letter Mr. Currie states after discussing his concern over dry rot:

"I drew attention to the issue, but without success, and as the Code continues to ignore natural processes I feel that those in authority, with responsibility, should be aware of the situation. We are placing wood framing in a system where it is unable to dry out initially, and is almost certain to acquire a higher moisture level when in service; it is also installed in a dead air location. It is critical, both for health and structural life, that the Code direction be reversed, to ensure that a house purchaser can expect not only healthy living conditions, but also a structure that will have a reasonably trouble-free life span. ...

Quite apart from the distress and costs to homeowners it is not unreasonable to anticipate lawsuits if situations develop as I anticipate, in fact I would regard them as inevitable; we are, after all, dealing with the largest purchase in the lifetime of the average person. *We are also dealing not with conditions of choice for a house builder, but conditions which are mandated*; under the circumstances the result of a legal action is predictable. The federal government must shoulder the major responsibility, but as the NBC is only a recommended standard until adopted, *the provinces also acquire liability*; similarly there will be liability

¹¹ Letter from David N. Spearing & Associates to the Honourable Robin Blencoe dated December 23, 1991 enclosing letter from J.C. Currie dated December 12, 1991. A copy is attached as Schedule K.

at municipal level, they are enforcing provisions that many know to be harmful.”(emphasis added)

Mr. Blencoe in his response of February 19, 1992¹² indicated that he had “requested Ministry staff to investigate this matter at both the provincial and national levels and to advise [Mr. Currie] of their findings” and further noted that a separate Code for Housing was to be a high priority. No separate Code for Housing was established nor does it appear that Mr. Currie’s concerns were seriously reviewed as there was no change in the Building Codes in response to the issues raised by Mr. Currie.

As recently as May, 1999¹³ Mr. Currie was in correspondence with the Honourable Jenny Kwan on the issue of “leaky condominiums”, which Mr. Currie identifies as being an incorrect term, suggesting that the problem exists for all wood frame construction. It only becomes more prevalent in larger buildings. He suggested that the situation was largely avoidable but that it was only the tip of the iceberg. Mr. Currie criticised the results of the Barrett Commission on the basis that it seemed to be “largely a political exercise” in which “blame appeared to have been decided beforehand.” He identified the fact that buildings have been constructed for years without the same problems as now appear. He stated that “blaming the industry was a convenient red herring, diverting attention away from other directions”. The blame, in his “firm” opinion, was to lie with the Building Code. He suggested that “the majority of failures are due to moisture from within the buildings, not leaks.” He warns that the “new” measures which are seemingly designed to address the problem “actually increase the chances of future building failures.” In commenting upon warranty coverage, Mr. Currie suggests that if the Building Code is found to be at fault, warranties may be invalidated.¹⁴

There would appear to be a significant basis for government liability for the “leaky condominium” problem due to the inaction of the government with respect to the concerns of a senior person within the government. Notwithstanding his retirement, Mr. Currie continued to raise with government that the problem was one which would not go away and, in fact, may be perpetuated in repair work done to the Building Code standards. Since the very problems which Mr. Currie identified *before* 1993 occurred and continues to occur, his assessment of the cause of the problem must be given significant weight. Thus, while it is easy to fault builders, it appears to be the case that if the Building Code requirements are followed the Building Code itself exacerbates the consequences of

¹² Letter from Robin Blencoe to J. C. Currie dated February 19, 1992. A copy is attached as Schedule L.

¹³ Letter from J.C. Currie to the Honourable Jenny Kwan dated May 25, 1999. A copy is attached as Schedule M.

¹⁴ Warranties from NHW are designed to remedy defects in workmanship and materials. If the building is built in compliance with the Building Code but nevertheless defects exist by compliance with the Building Code, it may well be questioned whether the defect is covered by the warranty.

water ingress and provides an environment for trapping moisture in the building envelope. If that is the case, then every wood frame building in the coastal climate built to the standard required by the Building Code is at risk to a greater or lesser extent and the cost to remedy the problem may bankrupt other warranty providers in the future.

NHW required builders to build "in accordance with the applicable building and environmental standards prescribed at the time of issuance of the building permit by the authority having jurisdiction."¹⁵ This would include the standards set by the Building Code and any particular municipal requirements. The contract with the builder further provided that in the event of a default under the contract, the contract would terminate. It is unfortunate that the very requirements which builders were required to follow in order to be entitled to issue warranties to buyers are, according to Mr. Currie, the same standards which have been a substantial, if not the most significant factor contributing to the leaky condominium problem.

D. Builder Registration

All builders providing NHW based warranties were required to meet the standards set by NHW prior to registration. In this regard, a Builder Registration Procedure and Policy Manual was developed by NHW and enhanced from time to time at the direction of the Board of Directors. This was a significant initiative on the part of NHW in seeking to establish standards for registered builders. Particular elements of importance include:

- the documentation required for registration which included references from municipal building inspectors familiar with the builders' work, references from subtrades and suppliers, financial statements, lender references, details on technical qualifications, and resumes with respect to the principals of the company;
- the investigations undertaken by NHW including, home owner references (in respect of previous construction, but at the discretion of NHW), credit reports, and field reviews of past and current projects;
- the requirement that at least one person in the builder's organization as owner or manager have a recognized degree or diploma in building technology and a minimum of three years

¹⁵ As provided in paragraph 1(g) of the NHW contract with a builder, a copy of which is attached as Schedule N.

of residential construction experience or a valid diploma from CHBA-BC's Registered Housing Professional training program;

- financial strength of the builder or the support of others; and,
- a proven track record of construction.

A copy of a summary of the registration procedures is attached as Schedule O. The Builder Registration Procedure and Policy Manual followed by NHW is quite lengthy and is not appended.

E. Evolution Of a New Home Warranty Claim

The nature of the new home warranty was not that in the event there was a problem with the construction of a building NHW would immediately step in to remedy the situation. The builder continues to have responsibility for the building which has been constructed, particularly during the first year. NHW provides a further degree of protection for the new home buyer in the event that a builder is not available to effect the repairs. The warranty coverage is not a guarantee of the builder's work. There are limits upon the extent of any liability of NHW and there is a limit upon the types of claims which can be made. The specific coverage is determined by reference to the specific warranty. There were changes in the warranty documents at different times during the operation of NHW and the extent of the coverage was in the latter years dependant upon the coverage sought by the particular builder.

It is not proposed to consider the various warranty documents which exist related to single family and multi family buildings and 5 year and 10 year warranty or to discuss in detail the manner in which NHW carries out its administrative functions. However, a brief review of the manner in which a claim is dealt with is appropriate.

A complaint can be made only in respect of:

- deposit receipt coverage;
- completion coverage;
- defects in workmanship and materials, including building code violations; and,

- major structural defects.

Deposit and completion coverage are unique types of claims. As they are not directly related to workmanship, we do not propose to deal with them here.

Upon receipt of the complaint letter from the owner with respect to matters related to workmanship and materials, the first determination is whether the particular unit is enrolled and whether a past complaint exists. If the particular unit is enrolled, and there are no past complaints, a complaint record will be opened and the technical representative will be advised regarding the opening of the file. If the unit is not enrolled, the individual is advised.

Upon opening a file, the technical representative will determine the status of warranty coverage and send the appropriate letters. If it is a claim within the first year of the warranty coverage, the builder will be advised regarding the claim. The builder may address the particular problem and in such circumstances NHW would have no financial obligation. There may be circumstances, however, where the builder is disputing the nature of a claim. In such circumstances, a conciliation will be arranged. Such conciliation will be binding upon the parties. In the event that the builder no longer is in existence, for example as a result of a bankruptcy, NHW would then investigate and determine if there is any obligation to effect repairs.

In the case of a major structural defect, the initial process is the same, however, a structural defect questionnaire will be sent to the person who is making the claim. Following receipt of the completed questionnaire by NHW, a date and time will be set for a meeting or inspection depending upon the nature of the complaint to address the nature of the complaint. As part of the process with respect to a strata corporation, there may be a review of the strata minutes, past correspondence, plans, drawings and other specifications to determine the particular nature of the building and particularly to determine if there has been any fault on the part of the parties involved. Following such meeting and investigation an initial assessment will be made regarding liability. If it is not a valid defect, the claim will be disqualified and the file closed. If there is a valid claim, the builder may be called upon to complete the work. In some cases, if the builder is not available, then either NHW alone, or in cooperation with the owners will attend to completion of the repairs. Cooperation may be necessary where the nature of the repairs exceeds the warranty limits or where certain of the claims are not covered by the warranty. For example, there may be workmanship and material complaints which fall outside the one year period that would not be covered under the major structural defect. In such circumstances, NHW's ultimate liability will be limited to the terms of the limited warranty and the warranty amounts.

The foregoing is a brief description regarding the processing of a claim. Consideration must necessarily be given to the specific language of the warranty documentation itself with respect to the obligations upon NHW, the builder, and the owner of the unit or the strata corporation itself. The time in which a claim is processed may be many months. In some cases the claim may result in litigation, either commenced by the owner or strata corporation, or by NHW to seek compensation from the builder or other parties involved in the building process. Ultimately, the course which a claim may take, while following a general procedure, may be unique for each claim.

F. Financing of New Home Warranty of British Columbia Inc.

NHW received its operating income from builder registration and from building enrollment fees. When a builder first applies for registration there is a fee associated with that application. Thereafter, so long as the builder remains registered with NHW, there is an annual registration fee.

The builders are also responsible for the fees associated with the enrollment of a building or units within a multi family building. These fees are then allocated to the Administration Fund or the Risk Reserve Fund. A set amount is set aside for the risk fund from each enrollment. The balance is assigned for the Administration Fund. In the initial year there is a significant amount allocated to the Administration Fund and then in the years following enrollment there is a percentage of the enrollment fee which is allocated to income for that year for administration. At the end of the warranty period the whole of the portion allocated to administration will have been bought into income.

The policies of NHW with respect to the allocation of enrollment fees are set out in the notes to the financial statements for NHW. Collectively attached as Schedule P are the financial statements for NHW for the years 1994 to 1999.¹⁶ Of particular note is the fact that the Risk Reserve Fund showed increases each year until the 1997 - 1998 fiscal year in which there was a comparatively small decline. The 1998 - 1999 fiscal year resulted in a significant reduction due to the extraordinary claims process in that year.

¹⁶ A formal audit was not completed for the year ending February 28, 1999. A draft of the financial statements to that date is provided.

G. The Response of New Home Warranty of British Columbia & Yukon to the Leaky Condominium Problem

1. 1993

(a) What was Known by New Home Warranty of British Columbia & Yukon

During 1993, there were four directors meetings.¹⁷ During the 1993 fiscal year¹⁸, there were 3 claims paid by NHW relate to water ingress problems totalling \$486,012.00.

Water penetration problems are common in coastal climates and as such as not new. However, as noted above, the apparent leaky condo problem was not identified as such until February, 1993 with the publication of the articles "Rotten to the Core" in *The Vancouver Sun*. Unfortunately, the information relative to this issue was not clear. From the articles themselves, it appeared that in many cases the problems related to construction which took place in the early and mid 1980's. In newer construction, various factors were referred to including a "building boom" in the condominium market which reflected a rush to construct buildings at a time when there may have been a shortage of skilled labourers, use of the old Building Code and changes in design and materials. Fingers were pointed in a variety of directions. Only in recent years has it become apparent that, in most circumstances, it is the combination of many factors which created water ingress problems.

In 1993, however, the potential significance of the problem was not clear. There were numerous potential causes for the water ingress problems. A change in Building Code requirements was expected to have alleviated some of those problems although as noted above, J. C. Currie had previously advised the provincial government that such changes would exacerbate problems. The concern over unskilled labourers was thought to be less significant than in previous periods. As several of the circumstances which had lead to problems were reduced, it was believed that water ingress problems would not occur in the future or be of minimal significance.

At the October 29, 1993 meeting the Board of Directors received the Risk Management Summary to February 28, 1993, a copy of which is attached as Schedule Q. Such report did not raise any basis for concern about the viability of NHW.

¹⁷ January 29, 1993; June 18, 1993; August 20, 1993 and October 29, 1993.

¹⁸ The fiscal year for NHW runs from March 1 to February 28. In discussing claims, the fiscal year will be used unless otherwise noted. Directors' meetings will be considered by calendar year.

(b) What Actions were Taken

In response to the "leaky condo" issue, NHW announced that it was forming a commission¹⁹ to investigate the leaky condo problem. A news release on February 26, 1993 advise the public of the commission. Various persons were asked to sit on the commission by NHW. Several governmental officials, however, refused the invitation. The directors were advised at the June 18, 1993 Board meeting of the responses to the commission. Even though NHW spent approximately \$20,000.00 in advertising with respect to the commission, and the commission received numerous inquiries, only five submissions representing 200 units were ultimately received. It appeared that the "problem" of the leaky condo was not as significant as the newspaper articles had made out. The Board of Directors was advised that the report would likely be complete in late September 1993. Ultimately, due to the very few submissions received with respect to the commission, a final report was not prepared.

The Board of Directors was also aware of the need for a specific process of maintenance with respect to multi-family dwellings. NHW determine that in most cases strata councils were unable to address the concerns related to their buildings due to limited experience. In particular, NHW was finding that minor problems were growing into major problems due to lack of maintenance by strata councils. At the October 29, 1993, meeting the Board of Directors directed that work begin on a Maintenance Manual for Multi-Family Buildings. It was anticipated that the project would take at least a year to complete.

In order to avoid further problems, the Board of Directors directed NHW to impose more stringent requirements in order to register as a new builder. New builders had to post security and engineering certificates were required with respect to the exterior building envelopes on multi-family developments. The posting of security would allow NHW to have a source of funds to seek recovery from in the event that a builder was deficient in the building process. The requirement for engineering certificates provided some comfort that appropriate standards were being met and provided an additional party to whom NHW could turn in the event that a building for which a certificate had been issued proved to be constructed in a defective manner. Thus, the Board of Directors was addressing both the concern about initial construction as well as providing some comfort for compensation in the event construction proved faulty. Both actions were in the best interests of the home buying public and would assist in ensuring funds would be :

¹⁹ The Commission on Water Penetration in Wood Frame Condominium Buildings.

2. 1994**(a) What was Known by New Home Warranty of British Columbia & Yukon**

During 1994, there were four directors meetings.²⁰ During 1994, there were 9 claims paid by NHW related to water ingress problems totalling \$653,821.00.

At the February 4, 1994 meeting of the Board of Directors there was significant discussion concerning water ingress problems which led to Major Structural Defects Claims due to water penetration which had gone undetected. Schedule R is an excerpt from the minutes regarding the nature of the discussion on this issue.

In March of 1994 NHW became aware of a government initiative to address issues in new home construction. The government had issued a document informally entitled "Options for Renewal"²¹ which was a call for greater regulation of the building industry and provision of mandatory warranty coverage on new homes. While such document was not in specific response to a particular concern about leaky condos or the quality of warranty coverage, it was concerned about the quality of construction in the new home market and the absence of universal warranty protection. The April 28 and 29, 1994 Board meeting addressed issues arising from this document.

The Options for Renewal document represented the then position of the Ministry of Housing. Unfortunately, that Ministry was in a constant state of flux during the years of the leaky condo crisis. Schedule S is a listing the various Housing Minister for the period from 1995 to 1999 which indicates that there was lack of continuity and direction with respect to housing issues. The Ministry of Housing is the department which is best able to deal with housing issues. Housing standards is an issue which falls within provincial control. The disbanding of the Building Standards Branch in 1996 eliminated the department which was likely the best one to deal with the "leaky condo problem" by the imposition and enforcement of appropriate regulations and standards. NHW was unable to impose or enforce any regulations and could only require its registered builders meet the existing standards.

NHW was aware of the general problem with stucco clad buildings. While training was taking place through CHBA-BC and the Urban Development Institute ("UDI"), and as a result of programs

²⁰ February 4, 1999; April 28 and 29, 1994; June 9, 1994 and in November 15 and 16, 1994.

²¹ Published in 1994 under the title of "The Building Regulatory System in British Columbia Options for Renewal".

funded by the Residential Construction Institute²², problems were continuing. Schedule U is an excerpt from the minutes of the November 15 and 16, 1994 meeting of the Board of Directors related to the issue of training. The Board of Directors was aware that even though NHW was not responsible for setting the standards to which buildings were to be built (these were found in Building Codes and municipal building bylaws), the design of buildings (this was the architects and the engineers), the actual building of new homes (this was the builders themselves), or for the inspection of new home construction (which was the responsibility of municipal building inspectors), NHW could take a leading role in assisting builders to meet the technical requirements and local building requirements by education and training either directly or by funding other organizations such as CHBA-BC and UDI in their training and education activities.

The Board of Directors also addressed in the November meeting the Risk Management Summary to February 28, 1994, which is attached as Schedule V. Again, this report provided no basis for concern with respect to the ability of NHW to meet the ongoing obligations of the new home warranty program.

(b) What Actions were Taken

NHW and of the Board of Directors were particularly proactive in addressing issues regarding building construction as those issues might relate to water ingress problems. For example, NHW established an outside advisory board comprised of representatives of the Consumers Association of Canada, Ministry of Consumer Services, B.C. Housing Management Commission, Canadian Bar Association, Canada Mortgage and Housing Corp., Ministry of Municipal Affairs and Building Inspector's Association which met to discuss issues related to building construction and water ingress problems. Representatives of NHW also participated in a government sponsored task force on problems with condominiums.

To specifically address the concerns raised by the Options for Renewal document, NHW created a task force to advise the Board of Directors and prepare a position paper for submission to the

²² Residential Construction Institute ("RCI") is an independent trust which was set up to provide education and training in the residential construction industry. NHW along with others such as mortgage insurers, provided funding to RCI which funds would be matched by the federal government. RCI would consider requests for funding for education and training programs from various groups, for example, CHBA-BC. Thus, indirectly NHW funded the education and training through RCI as well as directly participating in education and training as outline above with CHBA-BC, UDI and others and independently. From 1984 to 1998 NHW provided funding to third parties for education and training in the amount of \$2,215,650.00 as set out in Schedule T, in addition to its own education initiatives.

provincial government²³ as authorized at the April, 1994 meeting of the Board of Directors. Input was sought from actuaries, the Municipal Insurance Association, the Superintendent of Financial Institutions and other warranty providers, both nationally and internationally. This position paper prepared by the task force made a number of recommendations which included:

1. Enhancing NHW's coverage to include increased deposit protection;
2. Increasing limits on warranty coverage from \$100,000.00 to actual purchase price;
3. Providing warranty protection on renovations;
4. Offering NHW assistance for education and training;
5. Recommending amendments to the *Municipal Act* to include some level of qualification for builders as well as providing for monitoring of builders;
6. Encouraging the provincial government to recognize industry-sponsored education, training and certification programs;
7. Expanding warranty coverage from five years to ten years;
8. Establishing a joint industry/government advisory commission to examine industry regulation.

The Board of Directors authorized the expenditure of \$50,000.00 on the development of a Multi-Family Maintenance Manual to assist strata councils in identifying minor problems before they became major problems. The Board of Directors directed that enrollment documents for warranty coverage be required to include engineers' certificates for multi-family and high-risk category buildings. There was further direction that expenditures on education and training be focused on warranty problems and an alert was sent to all registered builders advising them of warranty concerns and providing them with a list of the "Top Ten Complaints" related to a warranty claims a copy of which is attached as Schedule W. This list was sent to registered builders to keep them apprised of building concerns. Several of those complaints related to stucco and water ingress problems.

The Board of Directors authorized a special project, Builders Technical and Educational Bulletins, which were to be sent to registered builders and others outlining particular problems as identified by NHW. Schedule X comprises the several bulletins which were subsequently prepared as a result of this initiative and sent to registered builders. Several of the bulletins relate to stucco problems and water ingress problems with buildings.²⁴

²³ If It Ain't Broke, Don't Fix It, June 1994.

²⁴ Specific Bulletins on this issue include:

The Board of Directors also authorized a \$20,000 expenditure to assist in the publication of a Code and Construction Guide produced by CHBA-BC. This Guide is an illustrated code guide intended to simplify the Building Code thus assisting builders in meeting the requirements. To emphasize the role of NHW in education and training, the Board of Directors also directed that all sponsorships to any industry initiatives or events were to be restricted to educational and training initiatives. There was to be no promotional sponsorship outside of education and training.

NHW continued to provide seminars relative to issues of concern to builders as related to warranty claims. One of the seminars developed in conjunction with CHBA-BC in 1994, included a seminar entitled "Stucco Cladding for Site Superintendents", a four hour seminar which was conducted across the province. Since 1991 NHW has conducted over 2000 seminars and presentations on a variety of topics. While issues related to building standards are raised in nearly every seminar in one way or another, over 125 seminars were related to technical issues, particularly issues related to stucco and water ingress problems. Schedule Y is a listing of the seminars conducted by NHW since 1991 together with the number of attendees (where available) at each of the seminars. Nearly 3900 people have attended technical seminars and over 28,000 people have attended programs offered by NHW.

3. 1995

(a) What was Known by New Home Warranty of British Columbia & Yukon

During 1995, there were four directors meetings.²⁵ During 1995, there were 18 claims paid by NHW related to water ingress problems totalling \$282,616.00.

In 1995, NHW continued to monitor the situation regarding stucco clad buildings and water ingress problems. There was concern that a new warranty provider would be entering the British Columbia and Yukon market competing on the basis of price alone. It was also a concern that the new warranty provider would not require as strict a standard from builders nor provide education or training for builders and others. Eventually this warranty provider, National Home Warranty, did enter the British Columbia and Yukon market. NHW continued to provide technical seminars.

²⁴(...continued)

"Stucco Clad Buildings", Building Insight, Volume 1.1, August '95;
 "Stucco Clad buildings", Building Insight, Volume 2.1, May '96.

²⁵ March 30, 1995; June 15, 1995; September 27, 1995 and October 12, 1995.

During the June 15, 1995 meeting of the Board of Directors, the Risk Management Summary to February 28, 1995 was presented to the Board of Directors. A copy of this report is attached as Schedule Z. Again, the report provided no basis for concern regarding the ability of NHW to meet its warranty obligations.

(b) What Actions were Taken

During 1995, the Board of Directors of NHW were very proactive in initiating and encouraging actions on the part of NHW related to the building construction issues and in particular related to stucco clad buildings and water ingress problems.

In order to provide sufficient reserves, the Board of Directors at the March 30, 1995 meeting approved the budget for 1995 - 1996 which allocated \$107 per enrollment up from the previous \$75 per enrollment.

The Board of Directors was particularly concerned over a report entitled "Report on Building Liability" which attempted to download municipal liability to builders.²⁶ This was a concern to NHW as it provided warranty coverage for the work of builders, not the municipality, in the municipality's failure to carry out sufficient and, or alternatively, proper inspections. In many cases where claims have been made against NHW for warranty coverage, NHW will seek contribution from municipalities, engineers, architects and the builder itself where the defect is attributable to the fault of such third parties.

In accordance with the direction given by the Board of Directors in 1994, the first publication of "Building Insight" was released entitled *Stucco Clad Buildings* (See Schedule X). About 1400 copies of this publication were delivered to registered builders and NHW also provided about 400 copies to other interested persons. NHW continued to provide seminars related to stucco and other construction issues.

²⁶ "Report on Building Liability" prepared by Technical Working Group on Building Liability, September 16, 1994.

4. 1996

(a) What was Known by New Home Warranty of British Columbia & Yukon

During 1996, there were three directors meetings.²⁷ During 1996, there were 33 claims paid by NHW related to water ingress problems totalling \$633,403. At the meeting of February 8, 1996 the Board of Directors were advised that complaint inquiries and investigations generally had increased during the 1995 fiscal year. This was the first indication of a potential for a growing problem, but the quantum of such claims still appeared to be within acceptable limits. In the June 20, 1996 meeting the Board of Directors were advised that the value of claims had decreased slightly. Thus, even the initial "bump" reported in February seemed to be an anomaly.

On January 26, 1996 the report of the Task Group on Condominium Construction to the Minister of Housing, Recreation and Consumer Services was release, a copy of which is attached as Schedule AA. NHW was represented on the task force by the President of NHW. The report indicated that there were a variety of reasons for the water ingress problems and addressed ways in which to respond to the problems.

In 1996, NHW experienced its first significant payout related to a water ingress problem. Over \$500,000.00 was spent to remedy in a condominium building in Campbell River; however, such claim related to Building Code violations, as well as design, workmanship and material failures of the builder and resulted in a partial recovery from the builder and others. There was increased publicity regarding leaky condos. For example, in White Rock there were several leaky condos which were receiving public attention.

In addition, the Law Reform Commission of British Columbia advised NHW that it had initiated a project related to the "Sale of Defective New Dwellings" following the decision of the British Columbia Court of Appeal in *Strata Plan NW2294 v. Oak Tree Construction Inc.*²⁸ wherein the Court suggested that the issue of inconsistencies in the law pertaining to implied warranties in new home construction should be investigated by the Law Reform Commission. In the 1994-95 Annual Report the initiative was outlined and subsequently, in 1995 Dr. Richard Gosse, Q.C. was engaged to consult on the project. A project profile was completed in March, 1996, followed by a report paper "When Things Go Wrong" in May, 1996 and a Draft "Issues Paper" in June, 1996. There were various discussions between Dr. Gosse and others from the Law Reform Commission and

²⁷ February 8, 1996; June 20, 1996 and September 11, 1996.

²⁸ *Strata Plan NW2294 v. Oak Tree Construction Inc.* (1994), 93 B.C.L.R. (2d) 50 (C.A.).

representatives of NHW regarding the issues. A final report, however, was not issued by the Law Reform Commission as the Commission was disbanded in March of 1997. NHW continued to reflect upon warranty enhancements. NHW also continued to work on the development of its database system for recording, monitoring and analyzing claims and claims history. This was considered a state-of-the-art system for North America in the home warranty field and greatly assisted NHW in identifying the risk associated with the units under enrollment.

In the June meeting, the directors were presented with the Risk Management Summary to February 29, 1996, a copy of which is attached as Schedule BB. Again, the report did not provide a basis for concern with respect to the ability of NHW to meet warranty claims.

(b) What Actions were Taken

In response to the issues in 1996, the Board of Directors authorized NHW to become a major participant in a report prepared by Canada Mortgage and Housing Corp. entitled "Survey of Building Envelope Failures in the Coastal Climate of British Columbia".²⁹ This report considered 38 buildings, ten of which were submitted by NHW for analysis.

While in 1996 there had yet to be a successful claim against NHW in the Courts, there were further cases that were working their way through the Courts. To assist in the analysis of the issues rising on these types of claims, Robert Kuhn, legal counsel to NHW, presented a seminar to Provincial Court Judges in British Columbia (which had for many years been the Court in which most claims against NHW were advanced) and as a result of such seminar, and in the absence of other deficiency standards, the standards of NHW were recognized as provincial standards.

5. 1997

(a) What was Known by New Home Warranty of British Columbia & Yukon

During 1997, there were three directors meetings.³⁰ During 1997, there were 42 claims paid by NHW related to water ingress problems totalling \$1,773,498.00.

²⁹ See note 8 above.

³⁰ January 17, 1997; June 20, 1997 and October 15, 1997.

In 1997 of great concern to NHW and others was the elimination of the Building Standards Branch of the Ministry of Housing by the government as the government was of the view that Branch personnel spent too much time on Building Code interpretation and not sufficient time on policy planning. This Branch had provided valuable information to builders, building inspectors and others in the industry in interpreting and understanding Building Code requirements and enforcing regulations related to building standards. It was the view of NHW that the work of this Branch could reduce problems in the building industry by providing an accessible government office to which one could turn with building code questions and receive timely and comprehensible answers. A letter of protest was sent to the Minister of Housing regarding the disbandment.

With the elimination of the British Columbia Law Reform Commission the issue of mandatory coverage, other than under the "Options for Renewal" paper, appeared to be less significant. There was, however, the possibility that the government might impose mandatory warranty coverage. The manner in which such mandatory coverage would be imposed was not disclosed to NHW and was of concern.

At the June meeting of the Board of Directors, the Risk Management Review to February 28, 1997 was presented to the Board of Directors by way of a slide presentation. A copy of presentation slides is attached as Schedule CC. Again, the report did not raise any concern with respect to the viability of NHW.

At the October meeting of the Board of Directors there was a concern raised about investigations being undertaken by the Superintendent of Insurance. It was suggested that NHW was carrying on an insurance business and thus should have been regulated by the Superintendent of Insurance. It was anticipated that once the Superintendent of Insurance had an opportunity to review the business of NHW he would conclude that NHW was not carrying the business of insurance. Open access to the records of NHW was eventually given to the Superintendent of Insurance who concluded that NHW was not in the insurance business. The Superintendent of Insurance was nevertheless impressed with the level of sophistication by which NHW carried on its business, tracked claims, assessed risk and provided for reserves to meet that risk.

(b) What Actions were Taken

With a view to increasing consumer protection and making documents simpler and easier to understand, NHW undertook a review and redrafting of its documentation. In part this was a

response to the concerns raised by the British Columbia Law Reform Commission and in response to indications from the government that mandatory warranty coverage would be put in place.

Given the increasing number of claims and the complexities of risk management and assessment, the Board of Directors in the June 1997 meeting approved the formation of a committee to retain an actuarial auditor to provide an independent opinion on NHW's models, policies, and risk retention procedures. At the October 15, 1997 meeting, KPMG was recommended to the Board of Directors to be the consultant engaged to prepare the actuarial report. KPMG had experience with the new home warranty program in Alberta. The President of NHW was authorized to enter into a retainer agreement with KPMG. Prior to this time all risk assessment had been completed internally by NHW staff with the assistance of insurance consultants. The retention of KPMG would provide an independent third party assessment of the risk analysis carried out by NHW.

The Board of Directors in 1997 also authorized the continued work on a Multi-Family Maintenance Manual which was never completed. A copy of the table of contents to the lengthy draft manual is attached as Schedule DD.

6. 1998

(a) What was Known by New Home Warranty of British Columbia & Yukon

During 1998, there were four directors meetings.³¹ During 1998, there were 70 claims paid by NHW related to water ingress problems totalling \$8,216,970.00.

In February, 1998, the Board of Directors of NHW received the report by KPMG, the actuarial auditor which is attached as Schedule EE. The report concluded that there was no concern about methodology, procedures or policies utilized by NHW in its risk assessment. There was a conclusion that the risk reserves were sufficient to meet that the claims which might be made against NHW. It was the opinion of KPMG that there were sufficient contingencies to compensate for any risk and, in calculating such contingencies, KPMG did not factor into the model any monies from investment income which would have increased available funding against potential risk. There was a minimal amount allocated for recovery from third parties, which may have been quite conservative in the circumstances. In any event, NHW clearly appeared to be financially secure.

³¹ March 11 and 12, 1998, June 25, 1998; and October 20 and 29, 1998.

In 1998 the Government of British Columbia commissioned Mr. David Barrett to prepare a report up on the leaky condo issue.³² NHW participated in the Barrett Commission and a copy of the Executive Summary (excluding support documentation) submitted to the Barrett Commission is attached as Schedule FF. Further, an open invitation was given to the Commissioners of the Barrett Commission to visit NHW's offices to view its operations but no such visit occurred.

During the early months of the 1998 fiscal year, NHW paid out significant amounts in respect of the repair of buildings covered under new home warranty agreements. In fact, during 1998 NHW paid out more in claims that it had paid out in the previous 21 years of its operation combined.³³ Nevertheless, upon the consideration of the claims which were in the system at the time, even based on a reasonable worst-case scenario, it was the view of the legal advisor to NHW that NHW had sufficient funds to pay claims which were the basis of legal actions.

In July it was becoming apparent as a result of the passage of the *Homeowners Protection Act*, that mandatory warranty coverage would be required. NHW was evaluating its role under the legislation. To assist NHW in this regard consideration was given to retaining the services of insurance consultant to advise NHW as to the alternatives available to it.

By mid 1998, the Board of Directors was aware of the fact that there was a significant decline in building enrollments due to market conditions. Risk reserves were being decreased due to increased claims and the increased costs associated with remedying existing and new claims. Lower interest rates were affecting the income that was being generated on investments by NHW. By the end of 1998 there was concern about NHW's ability to continue to underwrite potential new business in the event that new home warranties became mandatory.

(b) What Actions were Taken

In order to present its position, NHW participated in the Barrett Commission. In response to one of the concerns that NHW was too much of an "old boys club", a decision was made to canvass outside

³² The Commission of Public Inquiry into the Leaky Condominium Problem.

³³ For example, in the period April to July, 1998, NHW paid out over \$4,370,000.00 for major structural defects due to leaks on common property. This can be contrasted with payments for the whole of 1997 in respect of the same type of claims of \$1,417,561.86. The whole of all classes of claims for all of 1998 (calendar year not fiscal year) totalled \$5,923,677.24. Of that amount nearly \$5,220,000.00 was for water related claims. This compares with some \$1,479,000.00 for water related claims in 1997 (calendar year not fiscal year).

interested parties with the intent of creating a Board of Directors which was made up of one-third of persons outside the building industry.

In order to address the concerns with respect to declining enrollments due to market slow down and increased claims, the Board of Directors authorized the President to investigate possible partnerships with other warranty providers. In particular, consultants were hired to assist NHW in this effort. In September, 1998, Morris and MacKenzie Inc., insurance consultants retained to assist NHW in planning for its future, made a proposal to NHW regarding various things that could be done to assist NHW in operating within the environment which would exist as a result of the enactment of the *Homeowners Protection Act*. Various options were to be considered including creation of a traditional insurance company, creating some exchange program with an existing insurance company and other options. It was recognized that NHW could not operate within the new environment under its present status.

As claims were increasing, the Board of Directors were of the view that a further actuarial report from KPMG was warranted. Such report was commissioned in late June, 1998 and was to be available near the end of the year. Such report would be fundamental to addressing matters related to the restructuring of NHW, especially as that may relate to some sort of arrangement with an insurance company. An updated report from KPMG would also assist any partner to better understand the business of NHW and the potential claims which could be made against NHW.

As a result of information developed from early September to the end of December, 1998, Morris and Mackenzie Inc. concluded that some of the proposals they initially thought would be possible were no longer viable. There was still, however, a need to develop a new basis upon which NHW could continue to provide warranty protection within the province of British Columbia under the new legislation. There was also consideration given to attempting to find reinsurance. Unfortunately, the magnitude of the potential claims made reinsurance a difficult option to pursue. In particular, that option could require multiple insurers in order to distribute the risk and thus a more formal presentation would be required.

An initial draft of the KPMG report was received in early December, 1998. Certain issues were discussed with KPMG and further investigations were required. A further draft was received later that month. Additional issues were discussed. The final report was considered by the Board of Directors at their January, 1999 meeting.

7. 1999

(a) What was Known by New Home Warranty of British Columbia & Yukon

During 1999, there were three directors' meetings prior to the filing of the Notice of Intention to File a Proposal.³⁴ There was \$122,073.97 paid by NHW related to water ingress problems during March, 1999 prior to the filing of the Notice of Intention to File a Proposal on March 30, 1999.³⁵

In January, 1999, the Board of Directors formally received and discussed the report from KPMG which provided its analysis as of August 30, 1998, a copy of which is attached as Schedule GG. The report indicated that the risk reserves were insufficient to meet the potential claims against NHW, particular as those claims related to the leaky condo problem. Independent of those claims, NHW had sufficient reserves. The report, however, did not take into account any significant amounts with respect to recovery from third parties or NHW's investment income. As noted above, it had been the practice of NHW to seek recovery as against third parties, such as builders, municipalities, engineers and others related to the building process, so as to reimburse some of the costs paid by NHW which related to the claims. There was insufficient historical data to quantify the potential for recovery as the significant claims were still before the Courts.

In conjunction with the consultant, Morris and McKenzie Inc., who was retained to assist NHW in finding a partner, it appeared that a potential partner would likely be found. In late January, 1999 Morris and Mackenzie Inc. delivered their initial report. As a result of the KPMG report, it became obvious that initial options, such as qualifying as an insurance company, were not possible and other options would have to be considered. With the potential magnitude of claims as identified by KPMG, any participation with an insurer would including a greater degree of risk being assumed by such insurer. There were five potential sources approached by Morris and Mackenzie Inc. who were able to open initial discussions between NHW and London Guarantee Insurance Company with respect to the joint operation of a new home warranty program.

Those discussions in late February, 1999 and early March, 1999 concluded an agreement in principle which would allow NHW to continue to operate, to meet the potential claims of existing warranty holders and to continue to provide warranty coverage for new home purchasers in British Columbia under the new legislative regime. This agreement in principle was reached subject to completion of

³⁴ January 28, 1999; March 19, 1999 and March 29, 1999. Subsequent meetings have been held to deal with matters related to the Proposal of NHW.

³⁵ Payments made in January and February, 1999 are included in payments for the 1998 - 1999 fiscal year as noted above.

a due diligence review by London Guarantee. That review was satisfactorily completed and it appeared that the partnership would be in place for May 1, 1999 with the projected coming into force of the *Homeowners Protection Act*. Unfortunately, as the end of March, 1999 neared, the agreement could not be finalized due to the potential claims against NHW.

NHW continued to consider alternatives even to the end of March, 1999. As late as March 26 to 29, 1999, representatives of NHW were meeting and discussing with government representatives options for the continued survival of NHW. Unfortunately, these did not result in a solution for NHW.

Given the financial condition of NHW, and the lack of any other reasonable options open to it, its inability to meet the requirements for registration under the *Insurance Act* and thus the inability to continue to provide warranty coverage under the new legislative regime, the Board of Directors was called upon to make a decision. Within this context, it appeared to the directors in March of 1999, based upon the advice of NHW's various advisers, that NHW was insolvent and would be unable to carry on business as it had in the past.

(b) What Actions were Taken

When NHW was originally created, it had reinsurance to cover the possibility that claims might exceed reserves. There was also in place errors and omissions insurance for the directors. In the early 1980's, it was determined that the reserves for NHW appeared sufficient to cover any claims which might be made against NHW under warranties and against directors for their actions. A decision was made to scale back directors' insurance to cover defalcations by directors and reinsurance was discontinued. As a result of the extraordinary claims in 1998, the directors had in 1998 directed the President to reconsider the directors' errors and omissions coverage and the directors were also reconsidering reinsurance as part of the overall discussions with Morris & MacKenzie Inc.

At the meeting of the Board of Directors in January, 1999 the directors were advised that the errors and omissions insurance then in place did not appear, due to specific exclusion provisions, to cover potential claims against the directors for any inability of NHW to meet warranty claims. It was within this context that the Board of Directors, who were at all material times volunteers, resolved in the January, 1999 meeting to set aside a sum to provide a defence fund for the directors in the event that action was taken against them by third parties arising from their status as directors of NHW. While the chances of such a claim being successful were viewed as being minimal, such protection for the directors, as volunteers, was deemed reasonable and appropriate and in the best interests of the company to ensure the directors' continued participation in the Proposal of NHW.

A substantial portion of this sum was delivered to the Trustee in mid September, 1999. The balance is held, on undertakings not to use the same without Court approval, to deal with any claims which may arise against the directors.

As a result of the information which was before the Board of Directors in 1999, the directors, based upon the advice of their advisers, filed a Notice of Intention to File a Proposal and sought protection of the *Bankruptcy and Insolvency Act*.

The Amended Proposal was prepared on behalf of NHW and submitted to the creditors by the trustee under the Amended Proposal. The Amended Proposal provides for the liquidation of NHW. It is viewed that the claims by creditors will be satisfied quicker and in a greater amount under the Amended Proposal than claims would be in the event of a bankruptcy.

H. Legal Liability of the Directors

Following the filing of the Notice of Intention to File a Proposal as was noted in the Introduction, there were public statements made by several people with respect to the possibility of actions being brought against the directors of NHW. The specifics of the cause of action of such potential claims was not articulated, but appeared to be based upon the concept that the directors were somehow personally responsible for the financial failure of NHW. An analysis of the actions of the directors does not support any claim against them. From a review of the facts, the Board of Directors of NHW have consistently worked with the intent of improving building methods, training builders and reducing the potential for problems with new home construction. As noted in the article by Professor Waldron, there is no one single factor which can be said to be the cause of water ingress problems on the West Coast, but rather in most instances, there were multiple causes which worked in tandem. James Currie identifies the Building Code requirements as the most significant reason for the structural problems arising from moisture in the building envelope. This is clearly a matter within the purview of government which mandated vapour barrier design in the Building Code. NHW could not suggest that builders not build to Code, even if it was known to the Board of Directors (which was not the case) that the Building Code standards were a significant contributing cause for the leaky condominium problem. The NHW contract with the builder, as noted above, required the builder to comply with applicable building standards, which therefore required compliance with the Building Code. Thus, the Board of Directors of NHW did not have the ability to alleviate the problems.

Moreover, statistics show the claims history in respect of water ingress problems has reduced in the past two years. Unfortunately, the final value of claims which were in the system, as such claims were addressed in 1998 in particular, was far greater than expected. Thus, the risk reserves, which were identified by KPMG in their report of the February 28, 1997 year end to be sufficient, proved insufficient a year and a half later to allow NHW to continue on its own. Since the second KPMG report was not available in final form until January, 1999 and the Board of Directors explored other options in the several weeks after that which nearly saved NHW, it cannot be said that the directors did not act in a timely and a reasonable and appropriate manner. The ultimate failure to "save" NHW was beyond the control of the directors.

With respect to the financial status of NHW, it is clear that until receipt of the KPMG report in January 1999, there was no way for the Board of Directors to know that the risk reserves were insufficient. In fact, it was in part out of the concern for the sufficiency of such reserves, based upon the increased claims experience in 1998, that KPMG was retained to provide the second report. From the directors perspective, that report came as a significant surprise given the "glowing" report which had been received less than a year earlier. The Board of Directors had no reason to doubt the solvency of NHW until the final report from KPMG in January, 1999.

In this context, for any director of NHW to be found liable to an unknown third party, it would be necessary to establish that either a statutory duty or a common law duty is owed by the director to the third party. If such a duty is found to exist, then it would be necessary to establish that the director breached such statutory or common law duty.

1. Directors' Liability

In the text, *Directors' Liability in Canada*³⁶, it is stated that:

"Under corporate law, corporate directors and officers are subject to specific duties and obligations and are required to adhere to a high standard of conduct both at common law and by specific statutory enactments. These duties include the following:

- the fiduciary duty; and
- the duty of care, diligence and skill.

The fiduciary duty or the duty of loyalty is primarily owed to the corporation, but in certain circumstances may also arise with respect to the following:

³⁶ Siemens and Managan, *Directors' Liability in Canada*, p. 1-1.

- shareholders,
- fellow directors,
- creditors, or
- the public.

The duty of care, diligence, and skill is the standard of care the directors and officers must meet in performing their responsibilities and when exercising their business judgment. Not satisfying this standard of care could result in the incurrence of liability, such as in the following cases:

- if they authorize loans and other forms of financial assistance to fellow directors and officers without adhering to statutory provisions; or
- if they authorize the payment of dividends when such payment contravenes statutory requirements.

Directors and officers are also required to avoid any conflicts of interest. In situations where their own interests may conflict with their duty to the corporation, they must disclose their interests in accordance with specific statutory requirements.

Although the actions of directors and officers must, first and foremost, be in accordance with the best interests of the corporation, shareholders and other parties dealing with the corporation may benefit when these obligations are properly discharged."

This review does not address the duty of NHW and its directors to the shareholder, CHBA-BC or the duty which might exist between the directors themselves. Equally, the directors in the case of NHW cannot be said to owe any duty to the public generally related to the providing of new home warranties. The sole issue is whether there is any duty owed to the creditors of NHW.

Statutory Duties

To consider whether any statutory duties are owed to creditors by the directors of NHW, reference has to be made to the *Company Act*³⁷ and the *Bankruptcy and Insolvency Act*. There are no specific duties upon directors with respect to individual creditors under the *Bankruptcy and Insolvency Act*. Directors of course have duties owed to the trustee in bankruptcy. Directors may also be liable under the legislation with respect to specific benefits they may have received in their capacity as directors which may be viewed as preferences or settlements pursuant to the legislation. In the case of the directors of NHW, as they received only a small stipend for attending directors' meetings and reimbursement of their expenses, there appears to be no question that a claim could not be advanced by the trustee in bankruptcy with respect to any of the directors. There are certain obligations under the legislation with respect to cooperating with the trustee in bankruptcy which could give rise to

³⁷ *Company Act*, R.S.B.C. 1996, c. 62.

offences being committed under the *Bankruptcy and Insolvency Act*. These offence provisions do not give rise to a claim for damages by creditors of the bankrupt estate.

In section 118 of the *Company Act*, the duties of directors are set out. That section provides:

- "(1) Every director of a company, in exercising the director's powers and performing the director's functions, must
 - (a) act honestly and in good faith and in the best interests of the company, and
 - (b) exercise the care, diligence and skill of a reasonably prudent person.
- (2) The provisions of this section are in addition to, and not in derogation of, any enactment or rule of law or equity relating to the duties or liabilities of directors of a company."

If a director breaches his statutory duties, aside from an action by the company itself, a remedy may be found in section 200 of the *Company Act* which provides for "oppression" relief. While primarily designed for shareholders of a company to seek redress in the event that they are being prejudiced or oppressed by the actions out of the directors, there are a few circumstances in other jurisdictions³⁸ in which creditors have been given the right to proceed under similar statutory provisions. Relief is obtained on the basis that section 200(6)(b) states that "member" includes "any other person who, in the discretion of the court, is a proper person to make an application under this section."

Section 200(1) provides:

"A member of a company may apply to the court for an order on the ground

- (a) that the affairs of the company are being conducted, or the powers of the directors are being exercise, in a manner oppressive to one or more of the members, including the applicant, or
- (b) that some act of the company has been done, or is threatened, or that some resolution of the members or any class of members has been passed or is

³⁸ See: *Gignac, Suits v. Harris* (1997), 36 B.L.R. (2d) 210 (Ont. Gen. Div.); *Levy - Russell Ltd. v. Shieldings Inc.*, [1998] O.J. No. 3932 (Ont. Gen. Div.) and *A.E. Realisations (1985) Ltd. v. Time Air Inc.* (1994), 17 B.L.R. (2d) 203 (Sask. Q.B.). There does not appear to be any cases in British Columbia where a creditor has been given standing to take an action under this section of the *Company Act*. In *Re Daon Development Corp.* (1984), 54 B.C.L.R. 235 (S.C.) the Court declined to allow a debenture holder status to bring a derivative action under the *Company Act* the statutory provision in respect of which has a subsection 200(6)(b). In *Lee v. International Consort Industries Inc.* (1992), 63 B.C.L.R. (2d) 119 (C.A.) at p. 129 the court suggests that the class of persons who would qualify under section 200(6)(b) was small. Under similar legislation in Ontario the Court in *Canada (Attorney - General) v. Standard Trust Company* (1991), 4 B.L.R. (2d) 180 (Ont. Gen. Div.) found that the trustee in bankruptcy of a company did not meet the test for an action for oppression.

proposed, that is unfairly prejudicial to one or more of the members, including the applicant."

Section 200(2) provides for the type of order which can be given by the court. The section states in general terms that "the court may, with a view to bringing to an end or to remedying the matters complained of, make an interim or final order it considers appropriate." The section goes on to provide for several of the types of orders that can be made, but notes that such types of orders are not designed to limit the generality of the earlier words of the subsection. In the result, there have been circumstances in other jurisdictions in which specific creditors of a company, aggrieved by the actions of the directors of the company, were entitled to obtain relief, in particular a judgment against the directors for the amount of the accounts owed by the company. Such order was made to sanction the acts of the directors in divesting the company of its assets.³⁹ Such an order would appear to be unique and was granted due to these specific willful acts of the directors. Such willful acts are not present in the case of NHW.

The essence of a claim under the oppression section is that there must be some conduct which is oppressive generally to a minority. While in certain circumstances the majority of members within a company may seek redress as a result of the oppressive actions of the directors, that will be an unusual situation given that the majority would be in a position to replace the Board of Directors. It is difficult, however, on the facts related to NHW to suggest that any individual creditor is a "proper person to make an application" when any "action" of the directors was directed to all creditors equally. In this case, for example, the decision to seek protection under the *Bankruptcy and Insolvency Act* was for the benefit of all creditors so that all creditors could be in dealt with in the same fashion. With respect to the actions of the directors prior to filing of the Notice of Intention to File a Proposal related to the taking of enrollments, approval of claims, and general administration of the new home warranty program, it is difficult to suggest that any conduct of the company in general could be viewed as oppressive or unfairly prejudicial to any specific creditor or group of creditors. For example, the denial of a claim must be viewed as an action taken within the context of the warranty procedure and not related to "oppression" of a particular creditor.

While every attempt has been made to envision or otherwise articulate the nature of the claim which could be made against the directors based upon the breach of some statutory duty, we are of the view that such claim cannot be advanced. This is especially so given the need to examine in some particular detail the duty of care and the standard of care imposed upon directors. Although not

³⁹ See: *Gignac, Suts v. Harris*, *supra*.

based upon a statutory duty of care analysis, the leading case which identifies the duties and standards are of a director is *In re City Equitable Fire Insurance Company, Limited*.⁴⁰

In this decision, the official receiver of an insurance company was investigating the financial shortfall upon the insolvency of the company. There had been some bad investments that had not returned as much as had been invested and there had been a fraud by the managing director related to certain payments made to him and others. The official receiver was taking action against all of the directors for the shortfall. The court concluded that the directors, save the managing director who had acted fraudulently, could not be liable for the losses of the company. While it is clearly the case that the duties of directors have become more refined over the years since the decision in this case, some comments are worthy of note. Mr. Justice Romer noted that the duty of directors will differ depending upon the nature of the company. He found that "the larger the business carried on by the company the more numerous, and the more important, the matters that must of necessity be left to the managers, the accountants and the rest of the staff."⁴¹ Consideration had also to be given to the manner in which the work of the company was distributed between the directors and other persons within the company.⁴² In particular the court stated:

"(1.) A director need not exhibit in the performance of his duties a greater degree of skill than may reasonably be expected from a person of his knowledge and experience. A director of a life insurance company, for instance, does not guarantee that he has the skill of an actuary or of a physician. ... (2.) A director is not bound to give continuous attention to the affairs of his company. His duties are of intermittent nature to be performed at periodical board meetings, and at meetings of any committee of the board upon which he happens to be placed. He is not, however, bound to attend all meetings, though he ought to attend whenever, in the circumstances, he is reasonably able to do so. (3.) In respect of all duties that, having regard to the exigencies of business, and the articles of association, may properly be left to some other official, a director is, in the absence of grounds for suspicion, justified in trusting that official to perform such duties honestly."⁴³

As can be seen from the discussion above, the directors of NHW spent considerable time addressing the issue of water ingress problems in multifamily dwellings. Upon the identification of the

⁴⁰ *In re City Equitable Fire Insurance Company, Limited*, [1925] 1 Ch. 407. A recent decision of the Quebec Court in *Peoples Department Stores Inc. (trustee of) v. Wise* [1998] Q.J. No. 3571 (S.C.) found the directors breached the necessary standard of care following a detailed analysis of the relevant law. The claim in that case was by the trustee in bankruptcy and not by the individual creditors.

⁴¹ *Ibid.*, p. 426 - 427.

⁴² *Ibid.*, p. 427.

⁴³ *Ibid.*, p. 428 - 429.

problem, or rather the potential for a problem in 1993, the first act of NHW, even before a meeting of the directors, was to form the commission to study the problem. The public interest in such commission was minimal and only five submissions were ultimately received. Notwithstanding this fact, from 1993 onward, the actions and directions of the directors focused upon reviewing building standards, educating those within the trades regarding standards, setting new requirements for registered builders so as to meet a standard of care for registered builders, participating directly or financially in education programs and technical studies so as to increase the general knowledge regarding water ingress problems and continuing to monitor the levels of claims based upon water ingress problems. These actions would far exceed the duties which otherwise be required of a director of a private company similar to NHW.

In response to concern for the public, the warranty provided by NHW was altered for those builders who wished to pay an additional premium to extend of the warranty coverage for water ingress damage and to extend the overall building warranty to 10 years. Again, there did not appear to be a real public demand for extended warranties until after the Barrett Commission. The directors reflected upon increasing premiums, but to do so would have likely resulted in the reduction of the number of registered units as this was a decision of a registered builders who might not be willing to pay the additional amount to enroll the building. Increasing enrollment fees would not, therefore, have necessarily increased the reserves of NHW as there would likely have been an overall reduction, or perhaps only a minimal increase, in the reserves. Moreover, the decision being made by the directors of NHW were made with the knowledge of the claims in existence at the time the decisions were made.

Directors are entitled to rely upon professionals with respect to matters which are outside their areas of expertise. For example, the directors relied upon KPMG with respect to the first report which indicated that the risk reserves of NHW were sufficient to meet the potential claims. NHW also relied upon its legal counsel with respect to the evaluation of the potential exposure on claims and the potential for recovery against third parties in matters which were before the Courts. All these factors influenced decisions and actions by the directors.

There is also the concept of the "business judgment rule" which is formally recognized in the United States and given tacit recognition in Canada as a result of the comments of Mr. Justice Romer as discussed above. In general terms, the court will not, with hindsight, look behind the decisions of

the directors of a company. Directors will not be liable for mere errors in judgment. Similarly, the court will not substitute its own business judgment for that of the directors.⁴⁴

It was not until the middle of 1998 when NHW experienced the phenomenal 4 month increase in claims paid, which increase was attributable to claims in respect of buildings which had been build several years earlier, that the concern regarding risk reserves became apparent. It would not have been reasonable to believe that with the changes in building standards and the better understanding of the causes of water ingress problems, that the claims experience of NHW would continue its upward spiral.⁴⁵ This claims history could have been viewed as an anomaly. Nevertheless, this was not a decision which could be made by the directors without expert advice, but rather was one for an actuary (harkening back to the words of Mr. Justice Romer). Thus, in the summer of 1998, the directors contacted KPMG to obtain an updated report with respect to the risk reserves of NHW. *Based upon the claims history to date* the KPMG report which was received by the directors in January, 1999 concluded that the risk reserves were insufficient. This, of course, must be contrasted with their previous report which indicated that there were sufficient reserves for the claims that might be made *based upon the claims history to the date of that report*. In such circumstances, it is impossible to fault the directors and to suggest that they have failed to meet the appropriate standard of care or in any way acted in an oppressive or prejudicial manner towards creditors related to the actions which they have taken over the past six years.

Even in the face of the KPMG report, the directors continued to explore other alternatives for the continued survival of NHW and its ability to continue to respond to warranty claims. As discussed above, the directors reached an agreement in principle with an insurance company which could underwrite the risk while allowing NHW continued to bring its expertise to addressing warranty claims with respect to new home construction. Based upon the changes which were to being made in the province of British Columbia as a result of the enactment of the *Homeowners Protection Act*, and the requirements that warranty providers under the new legislation meet the provisions of the insurance legislation in the province, it was unlikely, given the recent claims made against the new home warranty program, that NHW could qualify on its own as a warranty provider. In the result, in the absence of finding an insurance partner, NHW would have had to cease business, other than providing responses with respect to existing warranties, without any source of income. NHW's future was doomed when a partnership could not be established. Such evaluation was made in a

⁴⁴ See for example: *Brant Investment Ltd. v. KeepRite Inc.* (1987), 60 O.R. 92d 737 (H.C.) affd., (1991), 3 O.R. (3d) 289 (C.A.).

⁴⁵ Given the correspondence of J. C. Currie which became "public" in late September, 1999, it would appear that conditions exist which make the known claims "only the tip of an ice berg."

matter of a few weeks between the time of the Board of Directors formally receiving the KPMG report and the determination that a partnership could not be achieved. The director's actions cannot be sanctioned based upon a failure to act in a timely manner.

The circumstances in which NHW finds itself today is as a result of water leaking problem in multifamily units which were built by persons other than NHW, to standards set by persons other than NHW, which standards may have seriously exacerbated damage from any moisture entering the building envelope, subject to building inspections by persons other than NHW, and ultimately maintained by persons other than NHW. There is no basis upon which liability could be found against the directors for some breach of a statutory duty of care, diligence or skill. Additionally, there can be no suggestion that the directors have not acted honestly and in good faith and most importantly in the best interests of NHW to which they owed their primary duty, which duty they carried out in exemplary fashion.

Common Law Duties of Directors

A director may have liability at common law to third parties, whose primary claim may be against the company, in respect of the director's actions in relation to the company of which he or she is a director on a number of bases including liability:

- for breach of contract, but only if the director has personally contracted under the contract;
- for breach of trust, where the breach of trust of the company was at the instance of or participated in by the director;
- in tort, arising from a wrongful act in which the director has directly participated such as for deceit or fraud, conspiracy, inducing breach of contract, or for negligent misrepresentation; or,
- for breach of fiduciary duty (the circumstances in which a fiduciary duty will be found to be owed to creditors is *extremely* limited).

Breach of Contract

In order for a director to be liable for breach of contract, the director must be personally joined in the contract. Any contract which the director has clearly signed as a director, and not in his or her personal capacity, is not enforceable against the director personally. It is only enforceable against the company. We are unaware of any contract which have been signed by the directors which could be suggested to have been signed in their personal capacity. With respect to claims by creditors who are holders of new home warranties, such warranties do not provide any direct contractual relationship between the holder and the directors to give rise to any liability upon the directors. In the result, we see no basis for a cause of action for breach of contract.

Moreover, with respect to the contract of warranty, the contract is in fact between NHW and the builder. The purchaser of the new home is the beneficiary under the provisions of the warranty. The purchaser is not, however, a party to the contract which gives rise to the warranty. That is the contract between the builder and NHW by which a new home is enrolled in the program. This is a further basis for negating any liability based upon contract as between the directors and the holder of a warranty.

Breach of Trust

The holders of warranties have no basis for claiming for breach of trust. Enrollment fees were not paid by them directly for the warranty. At best they could be said to be included within the cost of the new home, but the fee is in actuality paid by the builder. In any event, for there to be an allegation of breach of trust, there must be some funds which were not allocated in an appropriate fashion. All funds within NHW were used either for remedying defects, the day-to-day administration of NHW or funding directly or indirectly education of builders and others. Monies did not go to the directors, other than for reimbursement of expenses and the stipend for attending directors meetings. There are certain builders who were required to give security deposits as a condition of registration. Those deposits were to be used in the event that the builders' work did not meet the necessary standards and a claim was made against the new home warranty program. Those funds continue to be held by NHW and have not been dissipated other than accordance with the bases upon which they were originally received. Therefore, there would be no claim for breach of trust against NHW. In order for a claim for breach of trust to be extended to a director, it must be shown that the director was personally involved in the actions which resulted in the breach of trust. In the circumstances where no such actions have occurred, there obviously can be no basis for claim against the directors.

Claims in Tort

As with a claim for breach of trust, in order to establish a claim for willful actions amounting to a tort, a claimant must show that the director was personally involved in the wrongful act. The wrongful act, of course, would have to be directed towards a particular creditor. On the basis of the analysis above, it is difficult to articulate any possibility of a claim for a wrongful act amounting to a tort on the part of any of the directors. The directors, in their capacity as directors of NHW, did not have any contact with individuals who are creditors under warranties.

Claims for deceit or fraud

There is no doubt that where a director has been directly involved in actions which resulted in deceit or fraud that such director can be held personally responsible. For example, in the case of *Sidhu Estate v. Bains*⁴⁶ the court found a director of the company to be liable when such director sat back in silence when a representation was made to a prospective investor that was false to the knowledge of the director. Because the directors of NHW did not have any direct contact with the public and particular warranty holders regarding the nature of their warranties, there seems to be no basis upon which a claim for fraudulent misrepresentation or deceit could be made against any of the directors. There could be no "general" claim made by creditors of NHW this regard.

Claims for inducing breach of contract

As noted above, there is no direct contractual relationship between warranty holders and NHW. To the extent that the contract does exist as between NHW and warranty holders, it is impossible to suggest that any actions of the directors give rise to a claim for inducing breach of contract. The only possibility of a breach could relate to the inability of NHW to satisfy the claims that are made against the new home warranty program based upon a defect in a new home. As a result of the Amended Proposal of NHW, all claims that are currently in existence or which may come into existence within the time prescribed by the Amended Proposal will be dealt with in the same fashion. Thus all parties are being treated in the same manner. To suggest that the directors should somehow be liable as a result of this for some breach of contract would create a new liability, unheard of in insolvency law, which would give creditors who have contracts with a debtor a right of action

⁴⁶ *Sidhu Estate v. Bains* (1996), 25 B.C.L.R. (2d) 41 (C.A.).

against the directors for having acted appropriately in discontinuing operations of the insolvent company. Given the provisions of the *Bankruptcy and Insolvency Act* related to continuing to trade when insolvent, it would be incongruous to suggest that discontinuing the operation of insolvent company could give rise to a claim for inducing of a breach of contract on the part of that insolvent company.

Conspiracy

There is no factual basis upon which it can be said that there is a conspiracy among the directors to prevent the creditors of NHW from receiving payment in respect of warranty claims. The actions of the directors, as outlined above, indicate that the directors took all reasonable steps to determine whether or not NHW was able to continue in business based upon the increased claims which occurred in 1998. Following the KPMG report, the directors recognized that the continued viability of NHW on its own was unlikely and took steps to try and locate a partner who would be able to underwrite the risk associated with the continued operation of NHW in providing warranty protection to new home buyers for the future and to meet the claims which may be made by existing homeowners with warranties. NHW had been in business for over 20 years. All its actions in relation to the governmental initiated changes to new home warranty protection were directed towards the continued operation of NHW under the new legislation. There was obviously and clearly no conspiracy to bring about any loss to the creditors and in fact, the contrary is borne out from the actions of the directors as outlined above.

Negligent Misrepresentation

For there to be a claim for negligent misrepresentation there must be some form of relationship between the representee and the representor. As discussed above the directors of NHW did not have any direct relationship with holders of the warranty. In the case of *Queen v. Cognos Inc.*⁴⁷ the Supreme Court of Canada identified five requirements in order for a claim for negligent misrepresentation to succeed which were:

- “(1) there must be a duty of care based on a “special relationship” between the representor and in the representee;
- (2) the representation in question must be untrue, inaccurate, or misleading;
- (3) the representor must have acted negligently in making said misrepresentation;

⁴⁷ *Queen v. Cognos Inc.* (1993), 99 D.L.R. (3d) 626 (S.C.C.).

- (4) the representee must have relied, in a reasonable manner, on the said negligent misrepresentation; and
- (5) the reliance must have been detrimental to the representee in this sense that damages resulted.⁴⁸

Based upon those requirements there is no basis for a claim against the directors of NHW. Firstly, it is doubtful there is some form of "special relationship" between the individual directors and any of the individual creditors related to the warranty.⁴⁹

Secondly, and most importantly, there does not appear to have been any form of representation regarding the warranty coverage and more specifically, any representation that there would be sufficient funds to meet the claims which might be made against NHW for repairs under a warranty. Any warranty claimant whose claim arose prior to the KPMG report of January, 1999, could not suggest that the directors would have been aware that any statement that could have been made (which is not the case in any event) was made negligently by a director regarding the ability of NHW to pay claims. Until that time the directors of NHW had a reasonable belief based upon internal reports produced by the employees of NHW and based upon the report of KPMG to February 28, 1997 that there were sufficient reserves to meet all potential claims. Based upon claims in the system as of mid 1998, the directors were being advised by NHW's legal counsel that there were sufficient funds to meet the reasonable worst-case scenario's on litigation then involving NHW. Even considering the KPMG report of January, 1999, the directors were aware that the actuary analysis was based upon claims history and was not an infallible projection of future claims. It was perhaps more realistic to anticipate that future claims would be reduced as a result of improved construction methods in the previous two to three years, subject of course to J. C. Currie's recent revelations. In addition, based upon recovery history, the actuary report did not provide for any significant recoveries from third parties, particularly the provincial and federal governments arising from the Building Code. Thus, even in January of 1999, the directors could not have concluded that NHW would be unable to satisfy all warranty claims in the future, so long as it continued in business and had new enrollments, simply based upon the KPMG report. Thus, it is difficult to suggest that any representation made was untrue, inaccurate or misleading.

⁴⁸ Ibid., p.643.

⁴⁹ For example in *NBD Bank, Canada v. Dofasco Inc.* (1997), 34 B.L.R. (2d) 209 (Ont. Gen. Div.) the chief financial officer was found personally liable for negligent misrepresentation related to specific information concerning the company. This may be contrasted with the decision in *Montreal Trust Company of Canada v. Scotia McLeod Inc.* (1995), 23 B.L.R. (2d) 165 (Ont. C.A.) (leave to appeal denied) where the Court concluded that the directors generally (other than two directors who had made specific representations) could not have claims continued against them merely because of decisions they made while part of the Board of Directors.

Thirdly, it is required that the representor must have acted negligently in making the misrepresentation. Based upon the foregoing analysis, it is difficult to suggest that the directors were acting negligently in making any representation, had the directors in fact made such representation, regarding the ability of NHW to pay future amounts to warranty claimants. There was a reasonable basis upon which the directors of NHW could conclude that the company had the ability to make payments with respect to warranty claims.

Fourthly, we are unaware of any situation in which a representation was made, so it would be difficult to suggest that a representee reasonably relied upon such representation. Given the media reports of the past several years, it seems likely that the potential cost for remedying water ingress problems in multifamily units will be in the hundreds of millions of dollars. The public is generally aware that even insurance companies, when faced with massive losses due to an unusual calamity may often fail or be unable to satisfy all claims in total. It would thus have been unreasonable for any person acquiring a new home with a new home warranty to believe that in all circumstances there would be unlimited funds available to satisfy warranty claims.

Finally, the reliance must have been detrimental to a representee. Given that there are builders in the market who did not provide new home warranty protection, the new home buyer always has the choice as to whether or not to buy a home subject to warranty protection. Given that NHW had the larger share of the new home warranty marketplace, the options available to the buying public would have been limited. Purchasing a home subject to a warranty provided by another company was no guarantee that in the event of significant claims being made against that company there would be sufficient funds to meet the claims. It would seem unlikely that damages could be said to have resulted from reliance upon any alleged misrepresentation.

Breach of Fiduciary Duty

As a general principle the directors of a company do not owe a fiduciary duty to the creditors of the company. The duty of the directors is to the company and not to the creditors.

The Manitoba Court of Appeal in *Western Finance Company Ltd. and Hannard v. Tasker Enterprises Ltd. and Tasker*³⁰ address to the question as to whether a fiduciary duty would be owed by a director to the creditors of the company. The court concluded that no fiduciary relationship could be found in the circumstances.

³⁰ *Western Finance Company Ltd. and Hannard v. Tasker Enterprises Ltd.*, [1979] 1 W.W.R. 323 (Man.C.A.).

While courts are generally not inclined to find a fiduciary duty upon directors in relation to creditors, in insolvency situations courts in other jurisdictions outside of Canada have been more inclined to impose duties upon directors where there has been some clear conduct which has resulted in a loss to creditors.⁵¹ In such cases there has been a clear basis for finding the directors liable. Usually there has been some dissipation of the assets, often to the benefit of the directors themselves, which will result in a loss to the creditors in the absence of intervention from the courts.

In the case of NHW, is difficult to envision any form of fiduciary duty which could exist as between the directors and the creditors. There has not been a dissipation of assets by the directors for their own benefit or the benefit of any other person. Where the duty to creditors clearly arises is in the circumstances where a proposal is being made to such creditors. The directors are under an obligation to act fairly and in the interests of all parties who have claims against the insolvent company. In the circumstances of the Amended Proposal in this case, the directors are acting in a manner which is consistent with the interests of all creditors. To the extent that the Amended Proposal limits claims after a period of four years, which may leave some potential creditors without redress, their interests are being represented by counsel appointed by the court and such counsel will have opportunity to argue regarding the fairness of such Amended Proposal. In the result, there is no basis for suggesting that a claim for breach of fiduciary duty could be advanced against the directors.

2. Conclusion on Liability

The facts show it has always been the intent of the directors of NHW to provide direction in the best interests of the company. From 1993, when the leaky condo problem was first publically highlighted as being a potential problem, NHW attempted to be proactive, through the efforts of its Board of Directors, in addressing the problem. This has included providing training through seminars and educational documentation, setting technical requirements for its registered builders, participating with other interest groups in finding ways to correct the problems associated with water penetration in the West Coast climate and providing extended coverage for claims for water damage by introduction of a longer running warranty program. These are not the actions of persons whose sole concern is the company or themselves. It must be remembered that all material times there was no benefit to be gained by the directors from the actions on the Board of Directors. They received no salary, dividends or other remuneration, other than a small stipend for attending directors meetings

⁵¹ McCarthy Tétrault, *Directors' and Officers' Duties and Liabilities in Canada*, p. 237 and footnote 5 therein. In *Peoples Department Stores Inc. v. Wise*, *supra*, the Court makes note of the several cases in relation to its conclusion that the directors breached the duty of care owed to the bankrupt company. The case did not deal with liability to individual creditors.

and to cover their expenses. There was clearly no benefits to be derived by them from acting as directors for NHW.

The Board of Directors was responsive to concerns that reserves were insufficient to meet the potential claims and addressed that particular concern by retaining an outside actuarial auditor to review the practices and procedures of NHW. Based upon the initial review of the consultant in February, 1998, there were sufficient reserves to meet the potential claims as determined by the actuary. When the value of claims dramatically increased in 1998, thereby decreasing the risk reserves of NHW, the directors engaged the actuarial auditors to conduct a further review with respect to NHW. It was only as a result of this review, that the Board of Directors became aware of the significant potential shortfall that NHW might have with respect to satisfying claims made under new home warranties. After exploring all possible ways of continuing in business, including entering into a partnership with another warranty provider, the directors ultimately concluded that it was not possible for them to meet the potential claims associated with the continued operation of NHW. In the result, the decision was made to terminate the operations of NHW in relation to the enrollment of new home construction, and steps were taken to determine the appropriate manner in which to liquidate NHW.

There were no direct relations with the creditors of NHW in order to give rise to any claim for negligent representation, breach of fiduciary duty, or any other common law duties. The primary duties under statute are owed to the company and those were performed by the directors. To the extent that "creditors" might have a claim based upon oppression or prejudicial conduct on the part of the directors, there is no foundation for such a claim. All creditors are being treated the same. No creditor has received an unfair advantage nor has any creditor been uniquely disadvantaged by the pre March, 1999 actions of the directors. While some creditors, of course, would have been paid in the normal course of NHW's business prior to the filing of the Notice of Intention to File a Proposal, that cannot be viewed as an unfair advantage. Such creditors simply had their claims completed or approved prior to the actions of the directors. There is no basis for suggesting that a preference had been given to such creditors.

At all times it can be seen that the Board of Directors worked in the best interests of NHW, which in turn was working in the best interests of the home buying public. It was only as a result of the leaky condo crisis, the claims in respect of which exceeded anyone's expectations, that NHW became unable to continue in business. This is unfortunate, but is not due to any neglect or other culpable action on the part of the Board of Directors.

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TRANSCRIPT OF PROCEEDINGS

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Chair

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Presentation by Mr. Bob Thompson

November 25, 1999
Vancouver, BC

MR. BARRETT: Good morning. Our presenter this morning is Mr. Bob Thompson, who is the acting director of the Building Policy Branch in the Ministry of Housing in Victoria. I don't think they have a housing ministry anymore, Mr. Thompson. Okay, go ahead. Thank you.

PRESENTATION BY MR. BOB THOMPSON:

No, actually it's the housing division of Social Development and Economic Security, and I was with Municipal Affairs for quite a number of years before that.

Good morning. You have my presentation, and I'm not going to read all of it, but I'm going to read some of it and expand on some of it, and probably skip a few paragraphs in here as well, so...

I wanted to make this presentation because I felt that there was a number of falsehoods and erroneous statements being passed around through the media, mainly in recent weeks, about the building code. It's gotten more a lot of publicity in the last few years than we ever dreamed possible. But certainly lately it's been very negative publicity. And my concern was that a bunch of the information that was out there was, to my mind, wrong, and should be addressed in some form.

There's a number of headings, here, that I've chosen, and these are based on, like I say, media reports, both television, radio, and newspaper that I've seen, and just issues that I felt I wanted to address.

To start off with, what is the building code? I think there's an understandable confusion, to a lot of people, what the building code really is, but basically it's a minimum set of standards for safety and health in buildings. Also, in the recent years, it's dealt with accessibility for people with disabilities. But this basic objective of the code, in health and safety and accessibility, has been around since it was first produced in 1941, and it's a minimum standard, it applies to new construction, to renovation, and to additions, and that sort of thing.

Specifically dealing with the subject of leaky condos, in the area of exterior walls of buildings,

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1 and roofs of course, there are a set of objectives and
2 criteria, in the code, in two areas of the code, that
3 are there to principally protect the structure from
4 deterioration and to provide a healthy environment
5 inside for the occupants.

6 It's not a textbook in building design or
7 construction. It's a regulation. It sets down, once
8 again, minimum standards for design and construction
9 of new buildings and so on. Designers and builders
10 are expected to know how to design and construct
11 buildings, that's what they do. The code is a book
12 they reference to determine the level of safety and
13 health and accessibility that's required. And it does
14 not attempt to make any regulation on aesthetics or
15 function in the form of: This building was designed
16 for a client, and he had certain requirements of
17 function. That's what the designer is there for, is
18 to figure out how to make it look nice and how to make
19 it function for his client.

20 There are things that have been discussed, like
21 the code should mandate overhangs and should prohibit
22 certain kinds of designs. Well, I don't think that's
23 a position of the code at all. That's the position of
24 the -- of the professional designer to determine
25 whether an overhang is appropriate or required, and
26 likewise, whether a specific design of building, the
27 so-called California architecture or whatever it
28 happens to be, is appropriate for a given location.

29 We have all kinds of styles of architecture that
30 have been produced in Canada for many, many years that
31 are not germane to this country, and they've, by and
32 large, been quite successful if they're appropriately
33 adapted to our climate, which vary of course all
34 across the country and all across the province.

35 Certainly, in some areas, overhangs may be a good
36 idea, certain kinds of buildings, they're appropriate,
37 and likewise the design of the building may need to be
38 adapted. As I said, pure adobe type of structure that
39 would be designed to go in Arizona, is not going to
40 work in Vancouver, but the style of the building could
41 certainly be adapted by using different materials.

42 The National Building Code versus the BC Building
43 Code. Here is an area where I know, from many years'
44 experience, there is significant confusion amongst
45 even people who should know. The National Building
46 Code, which a lot of people have heard of, is a model
47 document. It's produced by Canadian Commission on

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1 Building and Fire Codes, a national body, which is
2 appointed by the National Research Council, and under
3 the Canadian Commission are a number of technical
4 standing committees which deal with various parts of
5 the code. This process has been in place since --
6 since the '50s, and is generally considered to be a
7 good one. The representation on these committees come
8 from all across the country. They produce, like I
9 said, a model document which is intended to be adopted
10 by government. In Canada, that would be mainly the
11 provinces, but there are one or two cities that have
12 the authority to do that as well, including Vancouver.
13 The makeup of these committees is representative
14 of the industry in Canada. There is a significant
15 matrix for each of these committees, which tries to
16 balance between various specialties in the industry,
17 their association with different sectors of the
18 industry, whether it be design or construction or
19 enforcement or manufacturing, etc., including the --
20 the consumer interest. The people that sit on these
21 committees come from, as I said, from all across the
22 country. There's been a reasonably significant
23 representation from BC for many, many years. The
24 people are selected for their knowledge and their
25 association with various, like I said, sectors of the
26 industry. They sit as individuals, they don't sit to
27 represent an association. They're chosen for their
28 knowledge, and clearly they want a balance on the
29 committee, that it isn't all building officials or all
30 architects. But they're not there to -- to represent
31 any specific association, they're there for their
32 knowledge, and like I say, to balance out the
33 committees, so that all the views of the industry are
34 presented.
35 The code is formulated, I guess is a good word, by
36 these committees based on input from code users and
37 from the committee members themselves. Code-change
38 proposals and so on are submitted by code users,
39 whether it be individuals or industry representative
40 associations, to the Commission. Those go through a
41 fairly rigorous review process, and once the --
42 they've gone through the technical review, they'll go
43 back to the Canadian Commission for approval. The
44 staff of the Canadian Code Centre of the National
45 Research Council do the actual technical writing, but
46 ultimately whatever goes in the code is the result of
47 the -- of the work of these volunteer committees.

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1 Now, that model code is then offered to
2 government. In the case of Canada, all the provinces,
3 and the City of Vancouver, and I believe Montreal, for
4 their adoption as a regulation or by-law. Each
5 province has a slightly different mechanism for
6 adopting the code. In BC, it's done through a
7 minister's order; it's fairly simple. In recent
8 years, British Columbia and some of the other
9 provinces have gone through a second public review of
10 that document, within the province, to determine that
11 the players in the province, who may not participate
12 in the national process, they may feel it's a bit
13 remote from them, are given the opportunity to review
14 the document before it's produced as the British
15 Columbia building code. We first did that in 1985
16 through '87, which resulted in the 1987 *BC Building*
17 *Code*. We repeated the process when the 1990 national
18 code came out, and that resulted in the 1992 *BC*
19 *Building Code*.

20 Prior to 1985, the code was adopted pretty much as
21 is where is from the national -- from the national
22 model, and there wasn't a -- a significant, if any,
23 provincial process to deal with that.

24 For what has now become the 1998 *National* -- or *BC*
25 *Building Code*, which is based on the '95 national
26 model, the public review process was curtailed, a lack
27 of resources basically at a very critical time. The
28 downsizing of the ministry and closing of the Building
29 Standards Branch, which was responsible for
30 administering the code. We had to determine, in
31 fairly short order, how to go about adopting a new --
32 a new code. The '92 code was in need of updating, and
33 the industry was -- was wanting a new -- the new
34 document. And so we went through an abbreviated
35 public review process, which relied primarily on the
36 principal construction-related associations, which we
37 liaise with on a regular basis to review and give us
38 their comments, and it still took longer than it
39 otherwise would have, and it ultimately resulted in
40 the 1988 -- 1998 *BC* code.

41 It is substantially the same as the '95 national
42 code. The previous two *BC* codes were substantially
43 the same as well. They were tailored, in some cases,
44 for *BC*. There was also changes that were perhaps just
45 for changes' sake. People in *BC* thought it should be
46 done differently, and we respected that, and changed
47 the code.

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1 For '95, the decision of the industry was: We
2 need a new code. They decided that the most
3 appropriate way to deal with it was to adopt the new
4 1995 national code with as few changes as possible.
5 And that's what we did.

6 The comment has been made recently for a
7 made-in-BC code. And based on what I've just said, my
8 feeling is that it is essentially made in BC through
9 the -- through the involvement of BC members, BC
10 citizens, in the creation of the document, and
11 further, by the ability of the province to customize
12 and tailor it, if they so wish.

13 There was a bit of controversy over the adoption
14 of the latest code, simply because of the unexpected
15 closure of the branch and the confusion that that
16 threw into the process. We were about to delve into
17 the nuts and bolts of the code-change process when the
18 staff disappeared. And so it took a -- it took a
19 while to figure out how to deal with that. But
20 ultimately the industry was satisfied that the
21 national code was essentially okay, and that we could
22 live without some of the previous changes we made to
23 the code, that they weren't critical. They accepted
24 the fact, I think, that the national process is a good
25 one, and that, like I say, a lot of people from BC are
26 involved in producing that document.

27 So to make the code in BC, I haven't seen
28 anything, so far, in exactly what it is they want to
29 make in BC. If we're relating strictly to leaky
30 condos and the fact we have this unique climate in
31 southwestern British Columbia, where it's very, very
32 wet, the code recognizes the climatic differences
33 across the country. There is a whole section of the
34 code that provides climatic data for places all across
35 the country, including Vancouver and Burnaby and
36 Coquitlam and [indiscernible] and Victoria and so on.
37 That climatic data includes the annual rainfall, the
38 average winds, the seismic -- which isn't really
39 climatic -- but the seismic activity, snow and so on.
40 Clearly, you don't want to spend the money that would
41 be required for a roof to support the snow in, let's
42 say, Terrace if you're building that same building in
43 Victoria. And the code has built-in factors to deal
44 with that. The designer is -- applies the appropriate
45 loads, including rain and wind, to the building to
46 determine how it should be built. And that's the case
47 all across the country. There are other parts of

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1 Canada that have conditions similar to ours, certainly
2 on the east coast, and there are specific numbers to
3 apply to the design of a building. So from that
4 standpoint, I don't know that we need any made-in-BC
5 changes to that.

6 I'm going to skip over this one section on the
7 structure of the code because I think the Commission
8 is reasonably familiar with it, of the different parts
9 and what they do. But I will refer to it a bit as I
10 go on here further.

11 I wanted to touch on letters of assurance,
12 although these particular words don't appear in the
13 code, that's the term that's used to describe a series
14 of schedules that are in the code that are required to
15 be submitted to the municipality issuing the permit by
16 the registered professionals: the architects and
17 engineers involved in designing the project.

18 Now, this section of the -- of the code is unique
19 to British Columbia, although, it's interesting that
20 the province of Alberta has adopted it with their
21 latest code, in '97, almost verbatim, from ours. And
22 this was a result, primarily, of the recommendation of
23 the McCloskey Commission on the Save-On Foods roof
24 collapse, that there was a clear need, in the
25 industry, for who is responsible for what, and in
26 cooperation with the Architectural Institute and the
27 professional engineers, the building officials and the
28 BC municipalities, the Province assisted in
29 formulating these letters of assurance and the
30 appropriate language in the code to go with them.
31 They basically state, starting at the first of these
32 letters, that the owner has hired a coordinating
33 registered professional, who is typically a project
34 architect, that that coordinating registered
35 professional is employed by the owner of the project
36 to coordinate the activities of all of the other
37 professionals that are involved, principally
38 consulting engineers, but there may also be other
39 architects and landscape architects and so on,
40 involved in the building of this -- the size and
41 complexities that these letters apply to.

42 Each of the individual consultants is required to
43 submit a letter stating that he is -- or has designed
44 the building in accordance with the requirements of
45 the code, and will do field reviews throughout the
46 construction to make sure that it is built in
47 accordance with his design and the requirements of the

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1 code.
2 At the end of the day, all those people, including
3 the coordinator, submit a letter saying that they have
4 done what they've agreed to do. Now, these letters
5 don't impart any new responsibilities on the
6 professionals over and above what they, as
7 professionals, have always had to do. They simply put
8 it in writing, on record, and indicate to all
9 concerned, but specifically to the building official,
10 who these people are and what their responsibilities
11 are. So that, at the end of the day, if there's a
12 problem in some are of the building, it's clear who
13 had done the design work and who had done the field
14 reviews for that portion of the design work, and
15 therefore, you know, who made the mistake. These have
16 been in place since 1992. City of Vancouver had a
17 similar set of letters prior to that, and they have,
18 with their most current building by-law, modified
19 their letters to be essentially the same as the
20 provincial ones. They were before, there were minor
21 differences, but they picked up on the -- on the
22 language here.
23 I think it's important to point out that this
24 whole section of the code, section 2.6, was a
25 cooperative effort between the professional
26 associations and the building officials and the
27 Province, and it took quite a while to put these
28 together. Needless to say, their -- their legal
29 counsel was involved in making sure that all the words
30 were just right and didn't impart things that were
31 unrealistic, and were reasonable to expect the
32 professionals and so on to do.
33 So they've been well-accepted by the industry,
34 from that standpoint. It took a little while for --
35 for them all to get used to them and understand
36 exactly what they're all about, but I don't think
37 there's any question, now, that they are accepted by
38 the -- by the professionals, and that they do
39 appreciate exactly what they're there to achieve.
40 Now, perhaps getting on to the nuts and bolts of
41 this whole issue of the leaky condo. Where is the
42 water coming from? I put this in because, with the
43 second Commission, some of the things that the first
44 Commission reviewed seemed to have been forgotten, at
45 least in my mind, based on what I'm seeing being
46 talked about in the media. And leaky condos, from all
47 the information I'm privy to, at any rate, leak. It's

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1 rainwater, getting in from the outside, pure and
2 simple.

3 There was an extensive investigation done by a
4 well-respected engineering firm, back in '96, under
5 the sponsorship of Canadian Mortgage and Housing
6 Corporation, and they were quite clear that there were
7 a number of specific areas where these buildings were
8 failing, and it was, by a large majority, the water
9 getting into these buildings was coming from the
10 outside, through some fairly typical failure modes,
11 the intersection of walls and decks and roofs and
12 balconies and so on, where there's improper drainage
13 or inadequate waterproofing or poor flashing.

14 The other one that they did indicate was a bit of
15 a surprise to them was windows were -- were leaking.
16 And this is really the frame of the window is
17 apparently allowing water into the cavity of the wall,
18 as opposed to water leaking through the glazing and/or
19 around the glazing into the inside of the dwelling.
20 It's water that's leaking through the framework of the
21 window into the -- into wall. And this was something
22 that they hadn't expected. But nevertheless, this is
23 rainwater getting into the building. Once it's in, it
24 can't get out.

25 There's been allegations that the code is at fault
26 because of the poly vapour barrier/air barrier issue,
27 and that was specifically addressed in that study,
28 that no, that wasn't the problem, neither was the
29 entrapment of moisture in the wood in the walls during
30 construction considered to be the issue.

31 Now, to perhaps put some -- some clarity on what
32 the code does in fact require when it comes to keeping
33 the elements out of the building and out of the wall.
34 There's two sections to the code that deal with this:
35 one is Part 5, the other is Part 9.

36 Part 5 is intended for -- and I'll use these words
37 in a very simplistic term -- large buildings, which
38 employ the services of professionals to design them.
39 The -- Part 5 of the code has been around for many
40 years, and has always been written in what's termed a
41 "performance format." It informs the professional
42 what level of performance he's expected to meet. He
43 designs the building under his judgment as to how to
44 best meet those requirements. It does not tell you
45 specifically how to keep the rain out, it expects the
46 professionals who are doing the design work to know.
47 And it uses some very simple, and I think, very clear

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1 language, and not to make too light of this, it's one
2 of the few places in the code, perhaps it is crystal
3 clear, in my mind.

4 Going back, at least as far as 1980, Part 5 had
5 these words:

6
7 The exterior wall cladding shall be so
8 installed that it sheds water to prevent
9 its entry into other components of the
10 building assembly. Where there is
11 likelihood of some penetration, drainage
12 shall be provided to take the water to
13 the outside.
14

15 Now, like I say, that's been around for a lot of
16 years, and it's pretty simple language. In 1995, the
17 *National Building Code* Part 5 was extensively
18 rewritten, not to change any of the objectives, but
19 the committee involved felt that it was -- it was time
20 for an overhaul. It had been basically unchanged for
21 quite a number of years. Technology has advanced, and
22 they felt there was a need to -- to have a thorough
23 review of Part 5 and a rewrite, and I think also in
24 anticipation of a move towards a more
25 performance-based code in general.

26 So the 1995 code, Part 5, as I say, came out in
27 a -- in a more expanded format, reference to a large
28 number of accepted standards for various kinds of
29 exterior weather-proofing products and design guides
30 and so on. The wording, however, is not radically
31 changed. There's a bit more of it, and it now says
32 things to the effect "except as permitted," and
33 there's -- I won't get into some of these exceptions.
34 They don't really have an impact on what we're
35 discussing here:
36

37 Where a building component or assembly is
38 exposed to precipitation, it shall
39 minimize ingress of precipitation into
40 the component or assembly and prevent
41 ingress or precipitation into interior
42 space. Where protective materials apply
43 to assemblies or installed to provide
44 required protection from precipitation,
45 the materials shall be installed to shed
46 precipitation or otherwise minimize its
47 entry into the assembly and prevent its

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1 penetration through the assembly.
2 Materials, components, assemblies, joints
3 and materials, junctions between
4 components, and junctions between
5 assemblies exposed to precipitation shall
6 be sealed to prevent ingress or
7 precipitation or drain direct
8 precipitation to the exterior.
9

10 An expansion, perhaps, of the old code. Like I
11 say, I think this is what they were after, to make
12 wording that was perhaps even clearer and more
13 precise.

14 So this is the section of the code that is -- is
15 intended, like I say, for the professional designer to
16 use. He's reading this and says, "Okay. The code is
17 intending me to keep the rain out of the wall as well
18 as out of the building."

19 Part 9 of the code is -- some people use the term
20 "a code within a code." It's expanded considerably in
21 past years, from a very small, somewhat
22 performance-based section of the code intended to
23 apply to small buildings. I think the original intent
24 was small buildings in more rural communities where
25 the services of professionals were difficult to come
26 by. So I say, this Part 9 goes back a number of
27 years, but in the '70s, it was expanded considerably
28 into a prescriptive set of requirements, once again
29 aimed at non-professional, primarily builders, to
30 build small residential and commercial buildings,
31 principally wood-frame, and it was written with the
32 idea that someone who had a reasonable knowledge of
33 construction, i.e. a builder, could follow the
34 requirements, the regulations in the code, and build a
35 safe, healthy building to the acceptable minimum
36 standards without needing a professional. And to that
37 end, it is somewhat almost "how to," but not to the
38 extent that it describes building construction
39 practice. It simply details some of the minimum
40 standards. Now, quite literally, it tells you how
41 many nails to use and what length, in some areas, and
42 it addresses what I refer to as generic building
43 materials and how to use them.

44 Now, in the case of an exterior cladding, there is
45 a whole section on cladding, which deals with generic,
46 common exterior products, such as wood and vinyl
47 siding, aluminium siding, Portland cement stucco, and

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1 others, shingles and so on. And it goes into some
2 detail about how to install those products. But once
3 again, it's not a construction manual, in the sense
4 that if you were to read this, you would know how to
5 build a building. You're expected to know some of
6 those basics before you pick up the code.

7 The introductory sentence in the section of Part 9
8 that deals with exterior cladding on walls says that:
9

10 Exterior walls shall be protected with
11 cladding, including flashing, trim, and
12 other special-purpose accessory pieces
13 required for the cladding system being
14 used, to restrict the entry of rain and
15 snow into the wall assembly.
16

17 Similar wording to Part 5, and requiring
18 essentially the same thing.

19 I think, to me, both parts of the code are saying,
20 keep the rain and snow out of the wall assembly.
21 It's, to me, is that simple. And as I've said, I'll
22 repeat: [reading] Part 5 expects professionals to
23 design an appropriate wall assembly and specify
24 appropriate materials for a given building in a given
25 location.

26 Part 9 provides reasonably detailed instructions,
27 suitable for knowledgeable builders for the
28 installation of most generic cladding materials such
29 as wood and vinyl side and Portland cement-based
30 stucco.

31 Now, the -- the next area that seems to be causing
32 a lot of confusion, and I can appreciate to people who
33 aren't particularly interested in the science of
34 building or the science that applies to -- to
35 buildings, this is a bit smoke and mirrors, perhaps,
36 but there's a requirement that's been in the code for
37 a long time, going back to the '60s, actually, for
38 something called a vapour barrier. This recognizes
39 the fact that moisture is created inside buildings,
40 simply through normal living. We exhale moisture when
41 we breathe, we create moisture when we cook and shower
42 and so on, we water our plants and so on. That water
43 in the house, typically, is in the form of vapour,
44 which we can't see, it's floating around in the air.
45 A basic fact of science is that when that moisture
46 contacts a relatively cold surface, it condenses out
47 and becomes water, which we can see. And the most

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1 obvious sign of that is water running on the windows.
2 The windows are cold and the glass is at a fairly low
3 temperature and the vapour in the air condenses into
4 water.

5 The reason for a vapour barrier is very simple.
6 Once we started insulating buildings, it became
7 evident that this vapour was no longer condensing in
8 visible things -- areas, like on the surface of the
9 wall, where, because they weren't -- the walls weren't
10 insulated, the surface of the wall could be cold
11 enough that you'd actually get water condensing on the
12 inside of the walls. But in fact, once you
13 insulate -- the point where the wall assembly gets
14 cold enough for the water to condense is somewhere
15 hidden inside the wall, generally it's called "the dew
16 point," and for the sake of argument, it's going to be
17 roughly in the middle of the wall somewhere.

18 Now, when the water condenses in there, in the
19 insulation, it is basically trapped by the fibrous
20 insulation, and if it stays there long enough without
21 drying out, mold and mildew will start, and the mold
22 will attack the wood, and the wood will rot. So it
23 was recognized, like I say, many, many years ago, that
24 we had to deal with that problem, and the approach
25 that was taken, for a long time, was simply to install
26 a vapour barrier, a material that is impermeable to
27 vapour, on the warm side of the insulation, and
28 typically that is behind the interior -- the wall
29 finish, the wall board or the plaster.

30 Many of us will remember fiberglass or Rockwell
31 insulation with a coated paper on the back of it,
32 which was the first kind of common insulation we used.
33 That coated paper was the vapour barrier. The
34 vapour -- the insulation was installed in the wall,
35 usually stapled onto the studs, and the coated paper
36 was -- was impervious to the -- to the transfer of
37 water vapour.

38 In more recent times, and this is going back
39 certainly into -- into the '70s, the late-'70s and
40 into the '80s, the industry found a better way, more
41 efficient, probably cheaper, and that was to dispense
42 with the paper attached to the insulation, which was
43 an expensive process, and replace the paper with
44 polyethylene sheathing, which is stapled to the inside
45 of the wall before the Gypsum wallboard is installed.

46 There is no requirement, in the building code, for
47 polyethylene. It simply requires a material which has

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1 a property of prohibiting the passage of water vapour
2 through it, and it has to be installed in the warm
3 side.

4 Further research, over the years, brought to light
5 the fact that the real culprit in depositing water
6 vapour, in the form of condensed water, in the wall
7 was in fact leaking air, that warm air from inside the
8 house will try and find its way outside, to the colder
9 airs, another fact of science, and it does that
10 through imperfections in the building envelope, cracks
11 around doors and windows, cracks in the framing,
12 simple things like the inevitable gap that exists
13 between the floor plate and the floor assembly and so
14 on. And as that warm air passes through the wall
15 assembly, it will deposit moisture in the wall. Like
16 I say, research began to reveal that that was a more
17 serious problem than diffusion of the vapour through
18 interior finishes.

19 So in response to that the codes were modified,
20 and in BC, that came about in 1987. We had been using
21 vapour barriers, the polyethylene, for many years
22 before that, and in 1987, the code came out with a new
23 requirement, which required the vapour barrier to be
24 sealed one of two ways: either by overlapping the
25 joints in the polyethylene at least 4 inches, or by
26 caulking.

27 Now, that was -- I was involved in the building
28 inspection side of things, at that time, and I
29 distinctly recall the building officials in the
30 community I worked, going through the new code and
31 reading all these new requirements, and trying to
32 figure out just exactly how that was practically going
33 to be practised in the field, as were the builders.
34 And a number of specialized products evolved out of
35 that, to deal with this issue of creating a sealed
36 vapour barrier, and a lot of caulking was being used
37 to seal up the points where the vapour barriers had to
38 be penetrated by electrical boxes and water pipes and
39 so on. But it was -- you know, fairly quickly, the
40 industry adapted to this requirement. And as usual,
41 I'm sure there was a lot of grumbling from people
42 about having to do it, but there's good solid research
43 behind these requirements.

44 The code writers, the technical committees and so
45 on, clearly got -- got wind of the difficulty involved
46 in dealing with this, and it was also recognized that
47 there's two separate issues here: there's the

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1 diffusion of vapour, which, relative to the movement
2 of air, is a minor problem, but still has to be
3 addressed. Vapour will diffuse through Gypsum
4 wallboard and so on, and eventually get its way into
5 the -- into the wall. But there is the other issue of
6 air movement, and they can be achieved with a single
7 membrane, which is what the 1987 code is essentially
8 saying, but there are other ways of doing it. The
9 industry worked on that -- when I say "industry," I'm
10 talking about designers and researchers and
11 manufacturers -- and came up with other -- what they
12 thought were better ways of dealing with these two
13 separate mechanisms that were at work.

14 So for the 1990 *National Building Code*, which
15 became the 1992 *BC Building Code*, they separated the
16 two issues in the code, recognizing there is a need
17 for a vapour barrier; there is also a need for an air
18 barrier. Separated the two in the document, and
19 provided two separate sets of requirements, once again
20 without specifying any specific materials except by
21 how those materials must perform. And recognize that
22 you can choose whether to control air movement with
23 the same membrane that you control vapour diffusion,
24 or you can use a different membrane in a different
25 location.

26 The movement of air is simply a matter of plugging
27 the leaks, making sure that there are no gaps, no
28 holes, no cracks in the exterior envelope that will
29 allow the moist interior air to move out, except
30 through a controlled mechanism, namely a ventilation
31 system or by opening a window.

32 Industry came up with a way of dealing with that
33 that has been fairly widely accepted by -- by the
34 design and construction people, and it's generically
35 termed as a "house wrap." It was decided that it was
36 easier to wrap a air-impeding barrier around the
37 outside of the house, where there are far-less little
38 holes and things to deal with, than to do it on the
39 inside, and so the house-wrap material, which breathes
40 water vapour but stops the passage of solid air, if
41 you like, through the wall, became a common choice,
42 and the polyethylene went back to its old insulation
43 mechanism of just simply installing on the inside,
44 reasonably uniformly over the inside surface of the
45 wall before they put the Gypsum wallboard on, but not
46 worrying too much about making it absolutely perfect,
47 knowing as well that it's going to get damaged

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1 occasionally when the house is being finished, and
2 that the air barrier, which is being installed on the
3 outside by choice, is going to deal with the cracks
4 and the holes and so on in the wall.

5 So once again, the code isn't mandating these
6 items. One erroneous statement I heard was that the
7 code requires poly on the inside and the outside of
8 the wall, and that's the problem. Well, it clearly
9 doesn't. It specifically prohibits that. It
10 addresses the issue of the permeance of the vapour
11 barrier, and the permeance of another membrane being
12 used as an air barrier on the outside, or the cold
13 side, of the wall, and requires that the outer one, if
14 that's what you choose to use, has to allow the
15 passage of water vapour through it, but has to stop
16 the movement of air.

17 So we've seen a shift in the way things are done.
18 Now, not all buildings chose this particular way.
19 Some people still prefer to have both functions
20 achieved by the single membrane on the inside, and
21 continue to do that, but not necessarily.

22 The -- there hasn't been -- I've seen, anyway,
23 from the people who say we shouldn't be doing this --
24 there hasn't been a suggestion what we should do
25 instead.

26 The code in BC, starting in '92, does in fact
27 require a certain minimum level of insulation. That
28 is a unique requirement in British Columbia. The
29 *National Building Code* has never had energy
30 conservation as an objective. There is a -- perhaps
31 an unfortunate coincidence that the vapour barrier
32 requirements were being upgraded to a sealed vapour
33 barrier in the mid-'80s. Some people seem to think
34 that's in response to the energy crisis. In fact, no,
35 it's simply a response to code objective of protecting
36 the wall assemblies from deterioration, and providing
37 a healthy environment inside the home, and a
38 recognition that there was a more critical mechanism
39 happening here, in the form of leaking air, that they
40 had to address, and did so by bringing about the
41 sealed air -- vapour barrier or air barrier
42 requirement, and then followed that up with a choice
43 of how you go about doing that in a later code. But
44 that had nothing to do with -- with conserving energy.
45 It's a side benefit, no question. If you stop warm
46 air from leaking out of the house, you're going to
47 burn less energy, but in fact the code uses a term --

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1 it says you only require enough insulation to prevent
2 condensation on the inside of the wall. It then
3 requires the vapour and air barrier to keep the
4 moisture in the inside of the building from migrating
5 into the wall.

6 But until 1992, and actually it was a very, very
7 minimal requirement in '92. The more -- the more
8 stringent ones we have now came in in '94, as an
9 amendment to the '92 code. Did we bring in minimum
10 "R" values? They, clearly in BC, were there to -- to
11 address energy. There was a significant push from the
12 Ministry of Energy of the day and others in the --
13 that business to put some minimum "R" values into the
14 building code to try and reduce the consumption of
15 fossil fuels and electricity, and I don't think that's
16 a bad idea. Whether the building code was the
17 appropriate place to put it or not is a -- is a moot
18 point, it was the most convenient place to put it.

19 So at that point, we mandated certain minimum
20 levels of insulation in residential construction, but
21 as you'll notice, '94 is long after vapour barriers
22 had been in the code, and really the issue of
23 insulation is not -- not the point. I don't think
24 anybody, really, is going to say we should stop
25 insulating buildings so we can stop putting vapour
26 barriers in so we can let buildings leak and dry out
27 by all this warm air passing through the wall. I
28 think we're well beyond that, in this day and age, of
29 simply wasting energy as a way of stopping buildings
30 from rotting.

31 So air-tight construction is not required by the
32 code to conserve energy. It's there to protect the
33 building from deterioration that will happen, and --
34 if we don't do that. As I said before, polyethylene
35 is not mandated, it happens to be the most effective
36 product for dealing with vapour diffusion through the
37 wall, and many people have chosen to use the
38 house-wrap products as an air barrier, because of,
39 once again, their -- their efficiency in use.

40 I have to, at this point, I guess, touch on
41 the -- the letters from Mr. Currie, one of the past --
42 the original director of the Building Standards
43 Branch, who were circulated in the media recently.
44 His concern is valid. Back in 1987, he wrote a letter
45 to the code people in Ottawa, voicing concerns, his
46 concerns, about the potential to trap condensation
47 within the walls because of the interior vapour

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1 barrier, and principally, the use of
2 vapour-impermeable panel sheathing, i.e. plywood, and
3 waferboard or strandboard on outside. Plywood is
4 impervious to vapour, not because of the wood, but
5 because of the glue lines. So vapour won't pass
6 through plywood or waferboard, and his concern was
7 that the imperfect air barrier -- and we all accept it
8 will be imperfect; we don't build perfect buildings
9 (even the space shuttle wasn't perfect) -- that some
10 of that moisture, once it gets into the wall cavity,
11 would then not be able to get out because the panel
12 sheathing on the outside wouldn't allow it.

13 The code is aware of that, addresses it, in
14 performance terms and so on, by requiring there to be
15 a gap in the panel, in the sheathing, if that's the
16 kind of sheathing you choose to use (and most people
17 do, these days, instead of shiplap). There has to be
18 an adequate gap between the panels or holes or
19 something in those exterior panel products to allow
20 for that very thing to happen.

21 So the code does address it, but certainly his --
22 his concerns were legitimate. It's been characterized
23 as the government ignored him. I would say no, the
24 government didn't ignore him, the government was
25 cognizant of his concerns, addressed them, reviewed
26 them. There was an attempt to -- to get response from
27 industry, and from Mr. Currie specifically, as to
28 examples of his concern that he knew about or anybody
29 else in the industry knew about. There was none. We
30 had a -- a deafening silence from -- from outside,
31 saying that, yes, there was building rotting or
32 problems because of air or vapour barriers.

33 The national technical committees reviewing these
34 things, as well, like I say, certainly they were aware
35 of what his concerns were, they agreed with him, and
36 the national code was written to -- to address that
37 particular issue.

38 My feeling is -- although I wasn't there, within
39 the branch, at the time that these issues were being
40 dealt with -- I feel that for a government to impose
41 requirements in a building code based on
42 unsubstantiated theory is not responsible. We have to
43 respond to -- to the science and the -- and the
44 research, and the building standards branch of the day
45 was satisfied that that science and research was
46 properly reflected in the national-model code.

47 So just to conclude, over the last few minutes, I

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Questions by Ms. Allan

1 guess I've been seen as "defending the code," if you
2 want to use that term, and fair enough. I've been
3 around the building code for quite a number of years.
4 I first got involved in this back in '73, in one way
5 or the other, in different -- different jobs, I've
6 been using the code ever since. I've been involved in
7 the inspection and enforcement end for a number of
8 years, and for about 10 years at the provincial level.
9 And my concern was simply that with the erroneous
10 statements that were floating about in the media, a
11 number of affected condominium owners were going to
12 see that, "Oh, good. The building code is the fault,
13 therefore the government will pay our bills," and I
14 really don't see that ever likely to happen.

15 The code isn't the fault, in my estimation. These
16 buildings are leaking because they don't comply with
17 the code, and I really don't think it's -- I think
18 it's unfortunate that a large number of -- of
19 unfortunate condo owners have been given the
20 impression that their buildings leak because of
21 inappropriate code, and therefore there's some --
22 there's some compensation coming.

23 I don't want to say that the code is perfect. No
24 document of that size and complexity ever is, but it
25 is constantly reviewed and updated. As you're
26 probably aware, it's generally reprinted approximately
27 every five years, and during every five-year cycle,
28 the technical committees are meeting on a regular
29 basis, both in person and, nowadays, virtually through
30 e-mail and through other forms of correspondence, to
31 respond to input from users, recommended changes, and
32 some of those changes come out in between the
33 five-year cycles, if they're considered to be
34 important enough to deal with on an emergency basis,
35 and the province is involved in that as well. So I
36 think the code, although not perfect, is adequate in
37 this area, and any tweaking that needs to be done
38 is -- is relatively minor.

39 MR. BARRETT: Mr. Thompson, we'd like to ask a few
40 questions [indiscernible].

41
42 QUESTIONS BY MS. ALLAN:

43
44 Q Mr. Thompson, if I could just begin with the purpose
45 of the code being for safety and health, and that
46 there's -- its basic objectives are set out for
47 performance, and it's a minimum standard. Now, we

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1 have heard testimony that suggests that in fact the
2 code should be not a minimum standard, but should be
3 prescriptive, that in fact the code should be
4 prescriptive, and provide guidance as to how
5 buildings, large buildings for residential purposes,
6 should be built.

7 Can you comment on a code that becomes more
8 prescriptive than performance, and what that
9 would likely -- what impact that might have on the --
10 on the industry?

11 A Yes. Prescription is fine, to a point, and I would
12 say, going back a couple of decades, at least,
13 prescription may have been a very acceptable way to
14 go, but as we approach the millennium, technology is
15 moving very, very rapidly, and you could probably say
16 something a little flippant, but that there's a new
17 major product shows up, for the industry, every day.
18 And if you write a prescriptive code, and Part 9 is
19 the example of this, it is prescriptive, it gives
20 specific details on specific kinds of products, but
21 the products that it deals with are, what I would
22 term, generic. They're common products manufactured
23 by dozens, if not hundreds, of companies across --
24 across North America, in the form of traditional
25 wood-siding, newer, but still traditional these days,
26 aluminium and vinyl siding, and stucco and so on.

27 But prescription has extreme limits. Every time a
28 new product comes out and it's not in the code, there
29 is a major problem getting it approved for use on
30 buildings. The way the system works, by and large, in
31 most parts of the world, new and innovative products
32 have to either be approved by the building official,
33 which means they -- they, the municipality, impart
34 significant liability on approving a new product for
35 use on a building in their jurisdiction, or it goes
36 through a higher level approval process at the
37 province or perhaps national level. But until those
38 products become common-place, it's very difficult to
39 write prescriptions to cover everything. So that just
40 deals with products, never mind design.

41 We've done things a certain way for -- for a
42 number of years, and then somebody finds a different,
43 or hopefully, better way of doing it. If that new and
44 better way isn't described in detail in the code, it's
45 problematic in using it. Once again because the
46 building has to be approved by a building official,
47 and someone has to spend time convincing the building

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1 official that this new and improved method is in fact
2 going to work.

3 So the code has, for many years, recognized that
4 we can't have the code being updated, literally, every
5 week to -- to address all kinds of new products and
6 design solutions. And therefore, has tried to -- to
7 be written in a format that allows for -- and
8 certainly in buildings designed by professionals, who
9 are supposed to have the knowledge and experience to
10 make the kind of judgments that are necessary -- to
11 allow them to decide how to make the building
12 weather-proof as opposed to restricting them to doing
13 it just this way.

14 Right now, everybody's saying, "Oh, rain-screen is
15 the only answer. Well, I won't disagree; it's
16 probably a very good answer, but it -- I will say
17 right off, I don't think it's the only answer, and it
18 may not be necessary on -- on some buildings. We have
19 lots of non-rain-screen buildings that are dry. So to
20 say that we should mandate rain-screen, I would
21 certainly say yes, we can earn courage it.

22 If -- just to expand on that, I think the idea
23 that code should be descriptive, as well as
24 prescriptive, should tell you how to do things, to a
25 point, yes, but I don't think that you can write a
26 regulation that is a nice, friendly "How to Build a
27 House for Dummies" type of book. It is a regulation,
28 it has to be enforceable, it has to stand up in a
29 court of law, ultimately, and the wording has to be
30 fairly clear and precise, and that, by nature, tends
31 to be not terribly friendly, sometimes.

32 But there is an extensive appendix in the back of
33 the code for that purpose, where the code writers feel
34 there's a need to explain what they're trying to say
35 or to give examples, they can do that. The appendix
36 is not a legally binding part of the code; it's there
37 for explanatory purposes. And there are also other
38 books available, produced by individuals, on how to
39 build a house and how to comply with the code
40 requirements and so on, and that's, to me, the
41 appropriate place to -- to tell people how to go about
42 doing things is an illustrated commentary. The
43 National Research Council produces such a document,
44 the New Home Warranty program in Ontario did, and the
45 Canadian Home Builders have produced documents that
46 are a combination of the legal requirements that you
47 have to meet and explanation on how to do that.

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- 1 Q So given that the building code is a minimum standard,
2 then -- and you mentioned that builders need to have a
3 reasonable knowledge of construction, which includes
4 knowing how to use the code?
5 A Yes.
6 Q And that in addition, professionals are involved in
7 the project after a certain size of project, by law?
8 A Right.
9 Q Now, I'm saying under Part 9, if it's larger than 600
10 square metres -- and correct me if I'm wrong here --
11 or three storeys, it's supposed have a qualified
12 professional?
13 A Yes, out of the code, those are the -- those are
14 the -- the breakoff point is over three storeys or
15 over 600 square metres in footprint.
16 Q So in fact we're talking about, maybe, maximum, a
17 15-unit building. Anything larger than that would
18 have to have a design professional, --
19 A Yeah, thereabouts.
20 Q -- under the code?
21 A Yeah, under the code, exactly, yes.
22 Q And it could be as small as a five-unit home?
23 A It could be, yeah.
24 Q And then in addition, the Architects Act says anything
25 greater than five units has to have an architect
26 involved in the project?
27 A That's right, yeah.
28 Q So what we're saying, with respect to the leaky-condo
29 problem, is that any multifamily building greater than
30 five -- greater than four units, five units and
31 above -- at minimum, should have had a professional
32 involved that would know how to use and employ the
33 code properly?
34 A That's right.
35 Q And since your presentation suggests that the code --
36 standards in the code, if used appropriately, would
37 have led to buildings that don't leak and rot, --
38 A Right.
39 Q -- we're really talking, then, about a failure of
40 design and implementation of design, in what has
41 caused these problem buildings?
42 A Yeah. I think we're -- we're dealing with an
43 inadequate knowledge, on the part of a whole bunch of
44 people in the industry, on -- on just what is required
45 here. Not wanting to blame any group or -- or any
46 sector of the industry, it certainly appears that the
47 knowledge that is out there on how a building envelope

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1 functions in the real world hasn't been transferred to
2 the people who have to apply that knowledge,
3 adequately. We've known about vapour transfer, and
4 we've known about -- about these problems for a long
5 time. It's not new knowledge, it's not rocket
6 science. I can remember learning about this from --
7 from my first days with codes, and learning about it
8 in school. So it's not that we've just learned that
9 rain getting into buildings will cause them to rot,
10 and that vapour getting into walls will do likewise,
11 we know that. And we've been able, through the years,
12 to build buildings that are reasonably weather-proof.
13 But there's been a -- a number of factors that have
14 come into play in the recent years, apparently,
15 that -- that have caused this problem, and some of it,
16 I think, seems to be a lack of -- of transferring
17 this -- this knowledge to the people who need to use
18 it.

19 Q Well, if the building science has been known, about
20 what -- not only what causes the problem, but how to
21 make sure it doesn't happen, do have you any comments
22 to make about how we could better transfer that
23 knowledge on a go-forward basis, since it seems to
24 have been absent in the last 10 or 15 years?

25 A I think -- I come back to, you know, a word that seems
26 to be the solution to a lot of ills is "education."
27 From my exposure, over the years, to the various
28 groups of people involved in the industry, it would
29 appear that some of this basic knowledge doesn't get
30 transferred at the inaugural education stage. I'm not
31 speaking from personal experience, because I haven't
32 gone through the schools of architecture, but
33 certainly I have seen that architects going through a
34 school of architecture, the ones that I'm familiar
35 with, don't seem to learn technical stuff. Where
36 they're expected to pick that up, I'm not entirely
37 sure. But fair enough, if they're expected to pick it
38 up during their articling, after they've graduated
39 from the school of architecture, so be it. Apparently
40 they've missed it somewhere. Now, how that should be
41 tackled, I don't know. I suspect that the
42 associations involved with the professionals should
43 be, and they are now, providing that -- that
44 knowledge.

45 I think builders, likewise, need to know why some
46 of these things are being done. Yes, they're just
47 following instructions, a set of plans and

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1 specifications. In larger buildings, people out
2 there, supposedly supervising the construction,
3 telling them what to do, and really they're just doing
4 what they're told. But I think it would be of great
5 help if the people physically doing the work had a
6 basic grounding in why it's being done. Because then,
7 when things like building paper which is lapped
8 backwards happens, the person actually putting it on
9 would understand why it's important that it not be
10 lapped that way, that it be lapped so it sheds water
11 and doesn't trap water. Why is there a vapour
12 barrier? What does it do? So that when the building
13 inspector leaves the site, he doesn't slash it full of
14 holes because he thinks he's putting people in a
15 plastic bag, and they shouldn't have to live in a
16 plastic bag.

17 So clearly, the knowledge hasn't been transferred
18 properly, and the reasons that these things are in the
19 code are not known to some people. There seems to be
20 a general lack of professionalism, I guess, in the
21 construction industry. And I don't think that's
22 necessarily recent, but other -- other countries have
23 a different culture around producing buildings, I
24 think. Some of the products that are currently being
25 used in North America, the EIFS, or the Exterior
26 Insulation Finishing Systems, which have been part of
27 the culprit in the leaky-condo issue, have been used
28 for a number of years in Europe. They seem, as far as
29 I'm aware, to be successful. But I think the culture
30 over there is to spend more time and effort on making
31 things right. And we seem to have put up a lot of
32 buildings, here, in a big hurry, to fill a perceived
33 demand, without really paying enough attention to what
34 we're really doing, at all -- at all levels of that.

35 Q I'm sorry, I didn't catch this if you said at the
36 beginning. Is your background in engineering?

37 A No, my background is building technology, and like I
38 say, I've fallen into the code side of that whole
39 thing for a lot of years.

40 Q With respect to the EIFS system, that is one method of
41 face-seal, as I understand it, --

42 A Yes.

43 Q -- using that?

44 A Yeah.

45 Q Do you have any information regarding the life
46 expectancy of the EIFS system?

47 A No, that's -- that's a tough question to answer.

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1 There are no standards in codes, or a better word is
2 there are no requirements in codes for minimum life
3 expectancy. And most of the standards for products
4 which are created by the industry that produces those
5 products -- there's standards for asphalt roofing
6 shingles, for example, there's standards for aluminium
7 siding and vinyl siding and so on. These
8 manufacturing standards are written to create a basic
9 level playing field for the producers of these
10 products, and to produce a basic acceptable quality
11 product. And those standards are then referenced in
12 the code, but by and large, those standards don't have
13 a life expectancy minimum built into them.

14 Once again, it's difficult. We've never really
15 established, I don't think, in our society, what's
16 expected. There is, I think, on the part of the
17 consumer, there's a fuzzy expectation that when you
18 buy a house, whether it's new or used, yes, things
19 will need to be maintained. You'll have to repaint
20 once in awhile. You'll probably have to replace the
21 roof sometime during your ownership. But we've
22 established some -- some numbers sometimes. People
23 used to think that a good cedar roof would last for 20
24 years; they don't anymore. I don't know whether they
25 ever did last that long or not, but that -- those
26 numbers got thrown around.

27 Another number that seems to get thrown around a
28 lot, that there's an expected life span of a typical
29 building of 50 years. That seems to be, quite often,
30 related more to economics than how long the building
31 will last. Certainly, we've got tens of thousands of
32 buildings in North America that are much older than 50
33 years, and they're still performing fine and serving
34 their function.

35 But codes don't establish a length of time any
36 given product should last. The manufacturers produce
37 a product, one of the reasons -- one of their sales
38 pitches would be: It lasts -- clearly. If someone
39 was to produce a cladding material for a building that
40 was known to only last for a year, I don't think very
41 many people would buy it. But they produce a product
42 with a certain degree of durability, and I don't think
43 a huge amount of thought is given to whether it will
44 last 25 years or 50 years or a hundred years.

45 We have a general sense that certain kinds of
46 products will last longer than others, because some of
47 them are very, very impervious to degradation from --

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- 1 from the climate, and others, we know will not last
2 forever.
- 3 Q You mentioned that one of the main concerns that were
4 raised by Mr. Currie's letters was the lack of space
5 between the shiplap, and -- what's the technical term
6 for the -- the space that he was trying to identify
7 was necessary?
- 8 A Just a space.
- 9 Q Just a space. But that the code had provided for
10 that?
- 11 A Yes.
- 12 Q Was that the 1985 code that became the 1987 BC code?
- 13 A I don't want to say that for sure; I'd have to look,
14 but the recognition of that need for breathing to the
15 outside is there, and he was writing in 1987, which is
16 subsequent to the production of the '85 national code,
17 and so certainly by -- at least by the '92 code, that
18 was there. But as far as I can recall here, that was
19 part of the code. I think his concern was that
20 perhaps it wasn't adequate, it wasn't enough of a gap.
- 21 Q Well, could we potentially have a code that was
22 enforced in British Columbia, without the necessary
23 gap?
- 24 A No, I don't think we did.
- 25 Q Now, the need for the space was identified, it was
26 incorporated into the code. Prior to that need being
27 identified, was there anything, say, in the 1980,
28 which became the '82 BC Building Code, was there
29 anything in that code that hadn't been considered
30 and/or addressed, that would have led to the problems
31 that we're facing today?
- 32 A That's a question I really can't answer categorically.
33 In hindsight, it wasn't a concern of the day. We
34 didn't have leaky buildings, and certainly isn't an
35 issue, at the time, that -- that I recall being --
36 being discussed, that, "Oh, we've got two vapour
37 barriers here." So I would say that if the code did
38 technically omit it, it wasn't something anybody had
39 any concern of at the time.
- 40 Q Well, given -- I'm -- I'm a little concerned, from the
41 point of view of built-in problems, and let me -- let
42 me ask you a question this way. The distinction
43 between the air barrier and the vapour barrier, which
44 is an important distinction to understand the
45 difference between the air flow and the diffusion.
- 46 A Right.
- 47 Q If you're building a small, single-family home, is the

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- 1 need to understand that distinction less important
2 than if you're building a larger residential building?
3 A From the -- no. From the standpoint of vapour
4 transmission into the wall, I would say no. A large
5 building is just a collection of -- or a large,
6 multi-residential building is just a collection of
7 dwellings, collection of single-family homes. They
8 have -- each individual dwelling, in the case of a
9 multifamily, has less exterior wall, in many cases
10 only one, or two if it's on a corner. So there is
11 that difference between a house and a -- and a condo,
12 but from the stand -- the science involved here isn't
13 going to change. The moisture is still being
14 generated in the dwelling and is going to want to
15 migrate out. So dealing with that issue is just as
16 important in a single-family as it is in a
17 multifamily.
18 Q I guess what I'm trying to understand is, if a builder
19 uses the code to build a single-family home, and
20 doesn't understand the building science --
21 A Um-hum.
22 Q -- in other words, follows the prescriptive Part 9 of
23 the code, --
24 A Right.
25 Q -- and the lack of knowledge, is it less dangerous the
26 smaller the building, in terms of, if you follow the
27 rules and think you're going to face-seal a building
28 and you can keep the water out, is that lack of
29 understanding less dangerous in a smaller building
30 than a larger building?
31 A Once again, no. I don't think, from the standpoint of
32 protecting the vapour -- the exterior envelope from --
33 from vapour problems, no.
34 Q Oh, but vapour problems is from the internal moisture?
35 A Right.
36 Q But the wind-driven rain, which is the problem we have
37 in this province --
38 A Right. If we're dealing with --
39 Q -- and that deals with the air barrier?
40 A If we're deal -- well --
41 Q Primarily.
42 A No, the vapour barrier is a two-way -- no question,
43 it's a two-way issue. But it's principally the
44 transfer of air, and in the case of stopping vapour
45 from getting into the wall, it's from the inside out.
46 From the standpoint of protecting the building
47 from deterioration from exterior sources, which is

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- 1 wind-driven rain, you're quite correct, my sense is
2 that the average single-family home is less at risk
3 from that than larger, multifamily buildings, simply
4 from the fact it's less exposed to the elements, in
5 most cases, with or without overhangs and so on. It's
6 lower to the ground, typically more protected by
7 landscaping, by other buildings close by, and so on.
8 So in a general sense, I would say that the
9 single-family home is less likely to suffer rain-leak
10 problems than a much larger building with far more
11 exposure to those elements.
- 12 Q So if you're a builder, building single-family homes
13 that decides to move into multifamily, and you don't
14 appreciate the need for understanding the -- the
15 air-barrier role, and air flow, is it -- from your
16 ex -- is it possible that you can build problems into
17 the building and not know it?
- 18 A Oh, certainly. If you didn't know why you were doing
19 things, and you were doing it without the guidance of
20 the appropriate professionals, yes, you could build
21 things into the building you weren't aware of. Just
22 like -- like I said, we've heard stories, numerous
23 times over the years, of builders admitting to
24 slashing the vapour barrier after the building
25 inspector had inspected it, and covering it up with a
26 wallboard, because he didn't understand what it was
27 there for. His concern was that people were going to
28 be living in a plastic bag, and that, you know, that's
29 unhealthy. So he was -- he was slashing the vapour
30 barrier to eliminate the problem. That's not what
31 it's there for. And so clearly that lack of knowledge
32 could have a bearing.
- 33 Q And let's just look at the air flow, both internal and
34 external. So let's say it is moisture from inside the
35 building that's, through air flow, going into the
36 walls and not able to get out.
- 37 A Okay, yeah.
- 38 Q If that -- and I appreciate the research says that's
39 not our problem here. But let's say if it was, is it
40 also true that the colder the climate, the greater the
41 air flow from inside in...
- 42 A Yes, generally. We're talking about something they
43 call "stack effect," which is warm air travelling to
44 cold air, or rising, and you -- you're getting a
45 pressure differential, if you like, because of
46 temperature. So yes, in a colder climate, there's
47 more -- more problem with that.

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- 1 Q So would it also be fair to say, then, if it was air
2 flow from in -- internal moisture causing the problem,
3 which I also appreciate was one of the issues that
4 Mr. Currie raised, --
5 A Right.
6 Q -- was that it was internal moisture, that if indeed
7 it was internal moisture, because of the way buildings
8 were being built, would we not expect to see that
9 problem in other parts of Canada, because the climates
10 are colder?
11 A Oh, certainly we would. Yes, we would expect to see
12 it in other parts of BC.
13 Q And we don't?
14 A And to my -- we certainly are seeing building envelope
15 failure problems in other parts of the world, as far
16 away as New Zealand and, you know, the eastern --
17 eastern seaboard. But no, I'm not aware that we have
18 chronic problems in Canada, specifically, or in BC,
19 with interior moisture getting into walls in other
20 climates other than ours.
21 Q And even -- even if it was interior moisture that was
22 the problem, we would have less of a problem in the
23 rainy climate because of the temperature differential?
24 A Yeah. We have less of a condensation problem here
25 than you do in Prince George.
26 Q Can you comment a little bit on the dry rot versus the
27 wet rot?
28 A In a simple word, no. I really don't know enough
29 about that.
30 Q With respect to the process of code development, and
31 I -- I'm sure you're aware that the Commission, in its
32 first report, suggested the reinstatement of the
33 Building Standards Branch, --
34 A Yes.
35 Q -- and I think it's certainly something we've heard
36 consistently as being called for. That Branch was
37 dismantled in 1997; was it not?
38 A Yes, January '97, yes.
39 Q What I'm trying to establish here is that -- is that,
40 as important as the Branch may be seen to be, the
41 problems we're facing today, in terms of repair needs,
42 could not be considered to have occurred because of
43 the dismantling of that branch; is that fair to say?
44 A Oh, no. I mean, we were well into the leaky-condo
45 problem when the Branch was closed. No question,
46 yeah.
47 Q So given that that Branch was responsible for the code

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- 1 process, as I understand it, at least through the '80s
2 and into the '90s, late 1990s, --
3 A Yes.
4 Q -- can you just comment a little bit more on the
5 participatory process that was involved, and which
6 parts of the industry were included in that, and the
7 names of the committee, and how -- how the code would
8 become adopted.
9 A Okay. What we established -- and this goes back, like
10 I say, to 1985, was a system which wasn't being used
11 anywhere in Canada. There was a -- there was a sense
12 of frustration in BC, at that time, that the national
13 code wasn't listening, that concerns raised over code
14 issues in BC weren't -- weren't being adequately
15 addressed by the national code system. I wasn't close
16 enough to the system, at the time, to know whether
17 that's really true or not. I think there may have
18 been some personality issues between various players
19 across the country, but nevertheless, that was what
20 was seen, and the Building Standards Branch of the day
21 decided that if Ottawa wouldn't open up the code
22 development system to more -- to more user input, if
23 you like, that we would do it ourselves.
24 So between '85 and ultimately '87, when the '85
25 national code, with changes, was adopted in BC, a
26 fairly elaborate public process was put into place.
27 Through advertising to -- "the public" I use sort of
28 in the term of the general construction industry as
29 opposed to the general public.
30 The building code is not a document that the
31 average homeowner is going to be too interested in
32 getting involved with. You know, most of them would
33 never even see it, never mind, you know, get into a
34 debate over it.
35 So the public, in general, would be the
36 industry -- from the builder to the designer and
37 everywhere in between, and it was advertised, through
38 the industry, that we were soliciting, basically,
39 proposals to modify the 1985 national code for use in
40 British Columbia. And my recollection is that we
41 received some 400-odd proposals from code users around
42 the province, of suggested changes. Some of them were
43 whacky, some of them were extremely good. The branch
44 itself promulgated some changes that went into the
45 code; they were produced in-house.
46 And once that whole process ran through, there was
47 a -- there was a solicitation for code-change

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1 proposals. We went -- we appointed a Code Review
2 Committee, which was made up of a number of -- of
3 knowledgeable individuals from the industry, a
4 cross-section, once again, similar to the national --
5 Q Excuse me, can I just -- was it called the Code Review
6 Committee?

7 A My recollection, yes, it was the Building Code Review
8 Committee.

9 Q Okay. And the responsibility for that committee was
10 the Building Standards Branch?

11 A Yes, we were basically shepherding the system through.
12 So the committee -- the committee members were
13 appointed, I think, probably by the Minister, as a
14 duly appointed committee.

15 Q But that Code Review Committee had broad
16 representation?

17 A Yes, oh, yeah. There were representatives there from
18 the home-builders and the large-building construction
19 associations and the architects and the engineers, the
20 building officials, and so on.

21 Q To your knowledge, was UDI a part of that committee,
22 as well?

23 A At that level -- at that time, I'm not sure whether
24 UDI, as such, was -- was involved. I'm quite
25 convinced the Canadian Home Builders were, or, you
26 know, whatever equivalent association existed at that
27 time.

28 Q HUDAC --

29 A Like I say, I wasn't as involved then in the actual
30 code development; I was working elsewhere, but
31 certainly was aware of the process, and part of it.

32 So there was a good cross-section of the -- of the
33 construction industry in British Columbia sat on a
34 committee and reviewed all of those proposals, made
35 recommendations, which were then published for further
36 comment from the general code user, and ultimately a
37 set of recommendations were put before a -- what was
38 called "a class of 41." Forty-one individuals from
39 the industry were assembled, and appointed as a voting
40 committee. They sat at a special all-day session of
41 the Building Officials Annual Conference, in Kelowna,
42 as I recall, and each one of the code-change
43 proposals, the final version of it, that had gone
44 through this review process, was put on the floor.
45 People from the floor could come up and comment on it,
46 and ultimately the Class of 41, based on the
47 recommendations from the review committee and from the

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- 1 debate on the floor voted yes or no, or -- I think
2 there was three or four options, but essentially, yes
3 or no to that proposal.
4 The Branch -- the ministry had basically agreed
5 that whatever came out of that process would become
6 the next edition of the code.
7 Q And which year was this?
8 A That was probably 1986 or 1987, early-'87 that the --
9 that final sort of vote, if you like, took place, and
10 ultimately that was transferred into the document,
11 which was published in late-1987.
12 Q So that code was adopted for the province of British
13 Columbia?
14 A Right. Now, a similar process took place for the '92
15 code. The voting thing was set up, and didn't happen
16 because no one showed up. We took that to mean
17 that --
18 Q Sorry. Don't go so quickly over --
19 A The '92 code went through the same process. The 1990
20 National Building Code was produced, we basically
21 said, "Okay. We're going to go through this BC review
22 process once again." So it was repeated. The same
23 general process, with a code committee appointed to
24 review the recom -- the proposals that were submitted,
25 published for comment, and so on, and this -- this
26 meeting, if you like, for everybody to come and
27 verbally debate the proposals for one last time, was
28 scheduled and held, and virtually no one showed up.
29 Q Do you know why?
30 A We -- we took it -- and this was in -- you know, in
31 discussion with various people after the fact, but it
32 seemed that the industry in general was satisfied that
33 the process, up to that point, was adequate, and that
34 they didn't need to come and talk to it in person.
35 There was one or two delegations on some touchy
36 subjects that did come. But in general, the room was
37 mostly empty. And that resulted in the 1992 BC
38 Building Code.
39 Q So made in -- both those codes for the -- are made in
40 BC?
41 A Yeah. They were both made in BC, from -- using a
42 good, sound base of the National Building Code, and
43 modified as the users in BC saw fit.
44 I think it's worth mentioning that, to the best of
45 my knowledge, there were no recommendations or changes
46 made to the building envelope issue.
47 Q There were none?

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1 A There were none that I can recall.

2 Q In your position, when was the first time it was
3 brought to your attention by industry representatives,
4 in a -- a letter or a serious conversation, that the
5 BC Building Code was at fault for the problems we're
6 now facing?

7 A At this point, I can't say that the industry or any
8 specific group has actually, in writing, said to
9 Building Standards, or what is there now, Building
10 Policy, that the code is at fault and this is how it
11 needs to be changed. There has been discussion, some
12 of it via the media. There has been discussion about
13 the leaky-condo issue at various meetings that I've
14 been at, but no one has actually sat down and
15 recommended to the government that this needs to be
16 changed. There's been a lot of talk, there's been a
17 lot of throwing blame here and there, but I think, as
18 evidenced by some of your previous submissions, when
19 it gets right down to the crunch and you ask, "What is
20 it that's wrong with the code?", there isn't an
21 answer. There seems to be a begrudging acceptance
22 that, "Well, okay, it isn't really the vapour barrier.
23 We've seen the results of the research, and that's not
24 why the buildings are leaking, but we still think the
25 code doesn't address the unique climate." And we did
26 certainly review the code after the first Commission
27 reported out. No, not all of the recommendations were
28 followed, but in -- from the technical side of it,
29 from: Is the building code the reason these buildings
30 leak?, there was pretty clear: No, it isn't. And
31 both within the government and with, if you like,
32 advisers from outside, the industry in general, there
33 was no -- nothing that we could pinpoint that said if
34 we changed this, this would help solve the problem.

35 Q The code process, I just want to ask you a couple of
36 questions about the Building Safety Advisory Council.

37 A Yes.

38 Q What is that committee and its relationship to the
39 code committee, code review committee?

40 A Building Safety Advisory Council, I've been involved
41 with somewhat directly for the last two or three
42 years. But prior to that, if I'm not mistaken, it was
43 formed in the '80s as a industry representative
44 council to -- to advise the ministry, or the minister,
45 technically, on general construction industry-related
46 problems or issues, and on a wide spectrum, it was not
47 established as a technical code review committee, as

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- 1 evidenced by most of the players over the years have
2 been senior level executive officers and so on of the
3 various construction-related associations that were --
4 that were appointed to that committee. Most of them,
5 by their own admission, are not technically-oriented
6 people; they're there looking at the big picture, like
7 you say, construction-related.
- 8 Now, certainly some of the issues revolve around
9 codes, but when it got down to the nuts and bolts, the
10 technical stuff of the code, they would rely on the
11 appropriate experts to deal with that. They were
12 looking at, like I say, the bigger, more policy-level
13 issues.
- 14 Q So given that the code review committee was the
15 technical --
- 16 A Right.
- 17 Q -- side of the question, and the Building Safety
18 Advisory Council would address the more practical
19 sides of the issues, around construction issues, --
- 20 A Yes.
- 21 Q -- if you were to expect that there were serious
22 problems with the code, one would expect to find it
23 either coming out of the code review committee or the
24 Building Safety Advisory Council?
- 25 A Yes. Certainly if -- if the Building Safety Advisory
26 Council, or you know, some of their members became
27 aware through their -- their association, let's say,
28 that there was a serious problem with the building
29 code, we would have expected it to come from them to
30 us, that, you know, "It's our information that this is
31 causing a problem." And they would bring it to the
32 attention of the government whose regulation they're
33 saying is at fault, and then, if necessary, you know,
34 technical people would be brought in to deal with how
35 do we fix the problem, if it is in fact the problem.
- 36 Q Now, I appreciate you've provided the Commission with
37 a number of years of minutes from that committee, the
38 safety advisory review committee, --
- 39 A Right.
- 40 Q -- and I was unable to find a reference that this was
41 a concern, over any of the last five years. Are you
42 aware of any concerns brought to you outside of the --
- 43 A No, I'm not. Like I say, I think the -- the concern
44 with leaky condos, it was, you know, sort of --
- 45 Q I don't mean leaky condos, --
- 46 A Okay.
- 47 Q -- I mean that the code was somehow needing to be

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- 1 adjusted to deal with our problem.
- 2 A No. I would say categorically that, over the number
3 of years I've been involved with BSAC, and certainly
4 with the branch over the 10 years, there hasn't been a
5 proposal come to us that the code is inappropriate for
6 our climate.
- 7 Q So is there -- is there any other places, in terms of
8 code adoption process, the Commission should be
9 exploring to find out what was identified when, as
10 being the problem?
- 11 A Well, certainly because the code we use is produced
12 through the -- the national code process, both Part 5
13 and Part 9, there are individuals within the province
14 who sit on the Part 5 committee, and the -- what's
15 generically been called the Part 9 committee, it's now
16 called the standing committee on houses, but the --
17 there are certainly people within the province who
18 have been on those committees over a number of years,
19 and some of them who may be relatively new
20 appointments, but people like that might be
21 appropriate people to talk to, from their intimate
22 knowledge of how that process works, and perhaps going
23 back, you know, I don't know how many years you want
24 to go back, but those committees do change, obviously,
25 they renew their membership from term to term. But
26 there are a number of people within BC who have been
27 involved with those --
- 28 Q But new terms --
- 29 A -- that code development.
- 30 Q -- in terms of if the issue was raised in British
31 Columbia, the committees we've talked about is where
32 you would you expect to have them show up?
- 33 A Yes.
- 34 Q Yes. Thank you.
- 35 Now, are you at all familiar with R2000
36 construction as compared to other forms of
37 construction?
- 38 A In a -- in a general sense. I'm not an expert, by any
39 stretch of the imagination, on the details, but I'm
40 certainly aware of it and read about it.
- 41 Q Well, what I'm curious -- a little curious about is,
42 given this misconception, it seems, around the energy
43 requirements, do you have any comment to make on the
44 problems in R2000 homes as compared to other forms of
45 residential construction? Are you in a position to
46 comment on that?
- 47 A My knowledge of R2000, from what I read about it, is

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1 that the people who live in R2000 homes are very
2 satisfied with them. They find them very efficient to
3 heat and maintain, and very comfortable to live in,
4 and I'm not aware that R2000 homes have become a
5 problem, in any way, as far as their -- their
6 longevity or, you know, undue maintenance or leaks or
7 anything like that. Anything I've read about it is
8 that, although it hasn't been a wildly successful
9 program, you know, we're not building gazillions of
10 R2000 homes, that those that are built, the owners of
11 them are very, very happy with them.

12 MS. ALLAN: Thank you very much.

13 MR. BARRETT: We're now going to take a short break, 10
14 minutes, and we'll come back with about another 20
15 minutes of questions.

16 MR. THOMPSON: Okay.

17 MR. BARRETT: Thanks very much.

18

19 (RECESS)

20

21 MR. BARRETT: Thank you, Mr. Thompson, and we'll reconvene.
22 Mr. Leask?

23

24 QUESTIONS BY MR. LEASK:

25

26 Q You're the present acting head of the Building Policy
27 Branch; correct?

28 A That's correct.

29 Q And I take it that while the Building Standards Branch
30 was in existence, you were a member of that branch?

31 A Yes.

32 Q I think it might be helpful to the Commission, and
33 even perhaps others listening, if you could describe
34 for us briefly what the difference is today with the
35 Building Policy Branch and the absence of the Building
36 Standards Branch. What -- what has stayed the same
37 and what has changed in that shift?

38 A Well, what certainly has changed is a significant lack
39 of people, as you're aware. When the Branch was
40 closed the -- it was made clear that it wasn't being
41 downsized, it was being closed. Three of us and the
42 secretary were retained as a policy office, and I was
43 the senior -- we called ourselves co-administrator
44 [phonetic], and the director, who has since left the
45 government.

46 We took some time to work out just what it was we
47 were going to do with that reduced resource, and it

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1 was clear from the start that we had to continue to
2 administer the provincial building code at the
3 provincial level, that's a large and important
4 document, and that someone has to look after it. We
5 also realized that it was going to be difficult to do
6 the degree of code development work within the
7 province that had been done in the past, and that we
8 were going to be hard-pressed to provide the level of
9 service to the industry as far as information and so
10 on over the phone, through the mail -- now e-mail --
11 that we had been done in the past, that the number of
12 different specialties, if you like, that existed
13 within the Branch, different members who had different
14 backgrounds and different knowledge bases, had been
15 curtailed. So we were looking at, all right, we have
16 to maintain the document, which is the building and
17 plumbing code, and do the best we can to keep that
18 document up-to-date, in concert with the work done by
19 the national code, and deal with policy issues within
20 the province around building regulation.

21 And to some degree, I can say that the Policy
22 Branch does a work similar to the Standards Branch of
23 the past, but to a much lower level, simply because
24 we -- we don't have the people to -- to spread around,
25 and we've recognized that, within BC, we will need to
26 rely more heavily on the national process than we did
27 in the past. Now, to that end, there's been an
28 increase in involvement, by Policy Branch staff, on
29 national committees. In some cases almost by default,
30 because some of the policy level committees at the
31 national code level are -- we are expected to
32 participate in, but we've also made more of an effort
33 to get involved in the technical and other levels of
34 work at the national code, so that we, as a province,
35 are directly involved in the -- in the development
36 process of the code, rather than relying on
37 individuals within the province to, sort of, carry
38 that message.

39 That also means of course that we spend time out
40 of the office, at meetings across the country, and I
41 think the -- where the industry has noticed the
42 biggest change is that there isn't a live body at the
43 end of a phone like there used to be, to answer their
44 immediate questions on the code. We do our best, we
45 haven't, sort of, shut off the phone lines, although a
46 number of people have said, "God, you're awful hard to
47 find," but we are still there, but we simply have

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- 1 not -- have been able to focus on what I would call
2 "code development" within the province.
3 Fortunately, in the last couple of years, we
4 haven't seen a specific need for any technical
5 code-development work, but that's not to say we might
6 not see it in the future. We still recognize, as does
7 the national code system, that the provinces
8 ultimately are the authority for regulating
9 construction, not the Feds, and that every province
10 has its own unique needs. And so although we're
11 working very hard on a common national code, and
12 it's -- by and large, that's what we have in Canada,
13 each province does have its own unique needs, and may
14 have to add or delete or modify that document to suit,
15 and we still see that as a function. But like I say,
16 in the last two or three years, we haven't seen a need
17 for any specific technical development work. I think
18 if we did, we would be having to relying on volunteer
19 committees to help us with that, because we don't have
20 the -- the depth of -- of knowledge within the Branch
21 to get into some areas.
- 22 Q Is it fair to say that one of the functions that used
23 to be performed, and there's simply no staff available
24 to do any more, is code interpretation and assistance
25 to building officials and industry people, on
26 interpreting the existing code?
- 27 A I think that's fair. Any interpretation that comes
28 out of my office now is seen as strictly the personal
29 opinion of whoever you're -- the person is talking to,
30 either me or my co-worker. In the past, yes, we
31 provided -- we felt that there was enough expertise in
32 the staff in the Branch to review a request for
33 interpretation as a group, and come to a consensus,
34 within the office, of what the province's
35 interpretation of that was, because there was enough
36 people there to -- to get a consensus. When you only
37 have two and, you know, we could both agree and still
38 be wrong. So we felt that, no, providing meaningful
39 or quasi-official interpretations of the code is
40 really no longer possible out of an office as small as
41 ours.
- 42 Q Someone suggested to us, and I think it flows from
43 what you've said, but let me just put it in the form
44 of a question, that the City of Vancouver has a larger
45 staff developing its building by-law than the province
46 has working on the building code?
- 47 A I don't know that for sure, but I certainly have that

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sense, that their -- their office is larger than ours, yes.

Q All right. Now, one code development issue on which we've heard some submissions is the idea that there should, in effect, be two codes. That there should be a separate housing code -- at least my understanding of that idea is that the current Part 9 would be separated out from the code and perhaps developed further or changed in some way, to make it a housing code -- first, are you familiar with that idea?

A Yes, I'm certainly familiar with the idea. It's been floating around at various levels for quite a while.

Q And it's been suggested to us that there's some work being done on that at the national level now; is that correct?

A Yes. There's a sub-committee of the standing committee on houses, which, in past years, was called the standing committee on Part 9. That is reviewing that, there's been a discussion paper produced, which I've had a look at, they were, you know, asking for comment back, and the idea -- it's been floated, there was a number of them, but I think the -- the basic idea was a proposal that Part 9 be replaced by a housing section, if you like, that would deal with one- and two-family, and row housing, basically stopping where you start to get one housing unit on top of another. So anything that we would call an apartment or a condominium would be in the body of the main code, but small houses and row housing would be in a separate document, and -- as I say, that idea has been -- has been tossed around, and there's been variations of it discussed, but I think that's the -- the basic principle they're looking at right now.

Q Do you have any comment on the wisdom of that idea?

A I think it's one way of dealing with an issue. I don't know that it's right or wrong. I think there is a recognized split, if you like, in the -- in the construction industry, where there seems to be a sector that produces primarily small, wood-frame residential construction. There's certainly a lot of builders out there who don't venture beyond one- and two-family. Even getting into row housing would be somewhat out of character for their business. There's other companies that are big enough to do virtually anything, from single-family to -- to multifamily. But there does seem to be that perception that there is the small builder who produces primarily small

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1 homes -- or homes, and there is builders who have the
2 wherewithal to produce larger structures, and that it
3 might be more convenient, certainly for the small
4 builder, who is primarily building single-family
5 homes, if he had a book that just dealt with what he
6 does.

7 An alternate to that is that the regulation
8 remains as a single document, because it is after all,
9 a regulation dealing with construction of all kinds of
10 buildings, and that the builder of primarily one- and
11 two-family dwellings be provided with a document,
12 which is currently available, that lays out the legal
13 requirements that he has to meet, as well as
14 explanation and commentary and illustration of how to
15 do that. It could be expanded into good practice as
16 well, but -- and like I say, those books are available
17 and have been for awhile. That may be a more
18 appropriate way of dealing with it, I'm not sure.
19 Certainly that -- that kind of a non-legal document
20 provides an avenue for all kinds of illustration and
21 commentary on how to go about doing this, and giving
22 alternate approaches to meet code requirements, which
23 a regulation, by nature, can't do. So that's --
24 that's another option.

25 Some people have talked about the idea of a
26 residential code, which would incorporate all forms of
27 residential construction, as opposed to just small
28 residential, as a separate document. Once again,
29 because there's perception, perhaps, that there's some
30 different objectives behind residential construction
31 as opposed to commercial, industrial, and
32 institutional.

33 Residential construction is building a product for
34 the consumer, and by and large today, the consumer
35 doesn't actually go to build his home. Very few even
36 hire a contractor to build one from a plan. They
37 simply go and look for a dwelling, new or used.
38 Certainly, the average consumer has no involvement
39 whatsoever in the design and construction of the
40 condominium. And they have an expectation that
41 they're buying a durable, safe, healthy product.

42 Someone building a hotel or a shopping centre or
43 an office building typically is in that business.
44 They are developing or building for themselves, they
45 are in a contractual arrangement with the -- with the
46 builder, and at the end of the day, the two agree
47 that, "Yes, this is what I wanted," level of quality

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1 or not, aesthetics, the whole nine yards. So there's
2 a direct involvement between the builder and the
3 client. That doesn't exist, by and large today, with
4 residential construction. So perhaps the objectives
5 of the building code need to address that.

6 But to me, I don't care whether it's a
7 single-family home or a 20-storey high-rise, if that's
8 going to be done, that's -- that's a new -- a new
9 direction, if you like, that the codes would have --
10 would have to look at. And that could still be done
11 by simply adding an objective around, if you like,
12 consumer protection, to the code as a whole, but
13 perhaps restrict it to certain kinds of construction.

14 So I think there's a number of options, and I
15 don't necessarily think that a house code would solve
16 the problems. It might -- it's one of many options
17 that might help the -- the construction industry.

18 Q Now, Mr. Currie was the director of the Building
19 Standards Branch until his retirement; is that
20 correct?

21 A That's right, yes.

22 Q When was that retirement?

23 A I recall he retired in '88, I believe, or thereabouts.

24 Q All right. To your knowledge, has he, since 1988,
25 corresponded with the Branch, either when it was the
26 Building Standards Branch or as it has become, the
27 Building Policy Branch?

28 A Yes. There was a letter in -- I think it was '92,
29 addressed to the minister of the day, I think
30 reiterating his concerns that he voiced back in '87,
31 just before he retired, to the National Building Code
32 people, and up until that was announced in the media,
33 I had forgotten about it because my level -- my
34 position in the -- in the Branch, at that time, wasn't
35 at a senior level, but certainly I've seen -- seen
36 that letter in -- recently.

37 Q You've reviewed his 1992 letter recently?

38 A Yes.

39 Q Is there anything in that that causes you to have
40 concerns today about the codes that are in effect
41 today?

42 A No. It was the same issue that -- that he was
43 concerned about in '87, and that being the -- the
44 water vapour problem, condensation and trapping the
45 moisture in the walls. Certainly in '92, the Branch
46 did respond, and did do some research to determine:
47 Is this a valid concern? Is there evidence that what

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1 he's saying is in fact happening? I think I mentioned
2 earlier, to Ms. Allan, that there was a silence
3 from -- from outside. We didn't get a response, I
4 know we didn't get a response from Mr. Currie, and we
5 didn't get response from the industry that they were
6 aware of any issue -- of any buildings out there that
7 were in fact facing problems relating to condensation
8 and vapour barriers and air barriers.
9 I can't say for sure that the Branch decided,
10 "Okay. There isn't a problem, we're not going to deal
11 with this anymore," as opposed to, "We're not getting
12 a response, we have other issues to deal with. We'll
13 carry on and" -- and it just disappeared. Because it
14 didn't become an issue, there was -- there was no --
15 no indication that we needed to deal with it further.
16 Q All right. In your submission to us, you talked about
17 house wraps and house wrapping?
18 A Right.
19 Q Am I right that a product commonly used for that
20 purpose is called Tyvec?
21 A Yes. That's certainly one of the -- I don't know how
22 many products there are, to be honest, but that's
23 certainly one of them.
24 Q I'm not sure that anybody's, sort of, spelled out why
25 exactly, but I believe there are people who believe
26 that Tyvec may be part of the problem. Does that --
27 could you comment on that?
28 A Yeah. We're getting into an area where people have
29 talked about inappropriate choice of materials and so
30 on. I'm aware that, in remedial work on buildings,
31 they're finding that Tyvec has become glued to the
32 back or -- or become integral with the stucco. When
33 they pull the stucco off to do the repairs, the Tyvec
34 comes with it, and it's bonded to the stucco rather
35 than simply tacked to the wall. Traditionally, we
36 used the black building paper, and it's stapled or
37 nailed to the wall, and then the stucco goes on on
38 top. And Tyvec is installed much the same way. It's
39 attached to the -- to the outside sheathing of the
40 building, and then the exterior finish is applied over
41 top of it. And they're finding that it's -- it's
42 bonding to -- to the stucco, and as I understand it,
43 from the -- from the experts in the industry, what
44 happens is it bonds to the back of the stucco, and
45 when water penetrates through the stucco -- and stucco
46 is not water-proof, it will over time, absorb water,
47 like any masonry type of product, concrete or bricks,

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1 and if it stays wet long enough, the water works it's
2 way through -- that when it gets right through to the
3 back, the building paper is no longer a second layer
4 of defence, because it's essentially part of the
5 stucco, the water just goes right through, and then is
6 in direct contact with the plywood or waferboard
7 sheathing underneath. I can't explain any farther
8 than that why this is happening, but that -- that -- I
9 am aware that that is happening.

10 Q Obviously I don't have as much technical expertise as
11 you. It would appear to be wise to construct the
12 building and the wall system so that doesn't happen;
13 right?

14 A Yes, very definitely.

15 Q All right. Now, Ms. Allan asked you a number of
16 things about how the codes were modified for BC,
17 starting with the 1985 *National Building Code*.

18 A Um-hum.

19 Q I just want to expand on that a tiny bit. When you
20 tell us that, following the 1985 national code, the
21 industry was circulated for suggestions, --

22 A Right.

23 Q -- how exactly did that process work? I mean, who did
24 you send out the requests to?

25 A Well, I wasn't -- I wasn't an employee of the Branch
26 at the time; --

27 Q Okay.

28 A -- I was actually working for the provincial
29 government, but in another area, and certainly was
30 involved in the process. To the best of my knowledge,
31 the -- the information that we were doing that, or
32 that the Branch was doing that, at the time, was
33 circulated by a bulletin from the Branch. The mailing
34 lists of those days was somewhat ad hoc, but certainly
35 the principal associations, like the architects and
36 the engineers and the builders and so on, would
37 have -- would have been given the information, and it
38 was hoped that they would pass it on to their members
39 through their communication mediums. It was certainly
40 distributed to building officials and, if you like,
41 sort of, whoever else we could find addresses and so
42 on that we felt would get it to the majority of the
43 industry, and it seems to have -- it seemed to work.
44 From my impression, my remembrance of the mid-'80s,
45 there was a fair bit of participation from the
46 industry in general in that process. I don't think
47 there was a lack of -- of notification. A lot of that

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- 1 stuff will certainly travel by word of mouth. Once a
 2 person gets the notification, it goes around and they
 3 phone up, and, "Can I get a copy?", and this kind of
 4 thing. So I think it did get to the majority of the
 5 industry.
- 6 Q In a general sort of way, I understand your answer to
 7 mean that you -- the -- not "you," but your
 8 predecessors, --
- 9 A Right.
- 10 Q -- circulated the main associations, assuming that
 11 members and industry people would learn about it from
 12 their associations; is that fair?
- 13 A Yeah. It's a process we still use, yes.
- 14 Q And that from the professional side, that would be the
 15 architects and the engineers; obviously?
- 16 A Right.
- 17 Q And from the builders, presumably the predecessor to
 18 the Canadian Home Builders Association?
- 19 A Yes.
- 20 Q If there was an equivalent of UDI, that body?
- 21 A Yeah.
- 22 Q As well of course as the groups that represent
 23 building officials and the main municipalities, I'm
 24 sure.
- 25 A Yes, yeah.
- 26 Q [R] All right. Now, it might be helpful to the
 27 Commission, and I'm going to ask you to see if this
 28 information's readily available. If it's not
 29 available, then, you know, don't, please, stretch your
 30 thin resources even further for us, but if you could
 31 find the composition of the 1985 code review
 32 committee, the composition of that "Class of 41." I
 33 mean, I assume somewhere in the file is probably a
 34 list that shows who those people were.
- 35 A Yeah. Those -- those files wouldn't be that hard to
 36 find. As a matter of fact, they may even be in the
 37 office now. We've been doing some -- some searches
 38 for various documents. But certainly that stuff was
 39 filed and should be available somewhere. It's getting
 40 old enough that it may in fact be legally disposable,
 41 but I think some of it -- most of that stuff we will
 42 be able to find.
- 43 MR. BARRETT: What age is that? [Laughter].
- 44 A No comment.
- 45 MR. LEASK:
- 46 Q [R] There's -- the Commissioner's worried about
 47 stale-dating, obviously, and that for the 1985 code

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Questions by Mr. Leask

- 1 review committee, I take it there was a very parallel
2 structure for the review of the 1990 committee, that
3 became the '92 BC code; --
- 4 A Yes.
5 Q -- right?
6 A Yes. I was more involved in that one because I was
7 working in the Branch at the time.
8 Q And the same sort of membership lists would be helpful
9 to the Commission.
10 A Okay. We'll see what we can do about that.
11 Q And I wanted to just ask you a little bit more about
12 what happened in the review of the 1995 national code.
13 I mean, and I have understood your answer, that the
14 abolition of the Building Standards Branch interrupted
15 the process of code review; correct?
16 A That's right.
17 Q But just to get a little more specific, I assume the
18 Branch didn't know it was going to be abolished much
19 in advance of when it was abolished; is that true?
20 A No, we weren't.
21 Q So presumably, in 1996, a process somewhat similar to
22 what had happened in 1985 and 1990 would have been
23 going on, to review the 1995 national code?
24 A Yeah. That -- that had been the plan, and certainly
25 it had been announced, in general to the industry,
26 that we were going to do that. I re -- if
27 recollection is correct, and a committee had been
28 formed, I'm not sure that it was ever duly appointed
29 and whether or not it ever had a meeting, but a
30 committee had been chosen, --
31 Q Right.
32 A -- and like I say, they may have had a meeting, but
33 with the closure of the Branch, that whole process
34 was -- was radically reduced, and that committee, as
35 such, never actually met to deal with the code.
36 Q And I think I understand this, but I want to say it in
37 my words to be sure I do understand it. When the
38 Branch was abolished and the much-reduced Building
39 Policy Branch set up, one of the first concerns that
40 your new smaller body had was, "What are we going to
41 do about code revision?"; --
42 A Yes.
43 Q -- correct?
44 A Yes.
45 Q And if -- again, if I understand you, you did not feel
46 that you had adequate personnel resources to conduct
47 the kind of public consultation that had occurred

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1 previously; correct?

2 A That's right, yes.

3 Q If you wouldn't mind expanding, just for a minute or
4 two, about, well, okay then, what did actually happen?

5 A Okay. We -- needless to say, within -- within the
6 Branch -- I mean, the Branch closure was announced in
7 the fall of '96, and it was going to take a few months
8 for the -- for the physical closure to take place. So
9 knowing what was coming, the staff that was in the
10 Branch started to work on, okay, what do we do to, if
11 you like, close down?, what things can we -- can we
12 finish off in the given weeks or months left?, and
13 where are we going from here? And to their credit,
14 the members of the Branch who knew they were going,
15 still pitched in and helped in a certain amount of
16 planning for the new policy branch that was going to
17 take over. And part of that was, "What do we do with
18 the code?" And so there was internal discussion,
19 within the Branch, until such time as those people
20 were laid off, did in fact leave.

21 We also discussed this with the Building Safety
22 Advisory Council, as our industry advisors. You know,
23 "Here is where we are, here is what we see as some of
24 the problems, and what's your -- what's your advice on
25 how to -- how to deal with it?"

26 I think, initially, there was of course
27 significant displeasure, put it that way, in the
28 industry, that we'd -- that the Branch had been
29 closed. There was -- when that sort of thing happens,
30 typically, there's a lot of -- you know, I'm using the
31 words in quotation mark here -- "yelling and screaming
32 and so on." But it became evident to -- to those of
33 us who were going to stay, that we were going to have
34 to be the lead here. The industry didn't seem to be
35 coming up with any workable solutions that were likely
36 to happen without us taking a lead, without the
37 government sort of doing something, which is fair
38 enough.

39 So we sat down and did some brainstorming and came
40 up with a proposal, "All right, we need the new code.
41 That's been made clear. Various groups in the
42 industry have made it clear, we can't just sit around
43 and leave the '92 code in place for the next who knows
44 how many years. There is a new code out there from --
45 from the national code committees, and some of what's
46 in it we -- we really feel we need."

47 The engineers, for instance, felt they were in an

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1 ethical dilemma that there were new, more up-to-date
2 standards for the structural designers in the '95
3 national code that they should be using. Ethically,
4 they should be using the latest, up-to-date standards,
5 and because that wasn't adopted as law in BC, they
6 were having a problem with that. So they were one
7 group that said, "We really need to get a new code in
8 place."

9 And there were other issues in there. There was a
10 lot of pressure to, at least partly because of the
11 leaky-condo issue, to get Part 5 in place, because a
12 lot of people felt it was an improvement over the old
13 one, and we should be using the -- once again, the
14 best standards available.

15 So it was pretty clear that the industry wanted a
16 new code, a new updated code, and they weren't
17 prepared to wait forever and just use the old one.

18 So we said, all right, given that, we made the
19 proposal, after a great deal of soul searching and
20 discussion, that we adopt the latest National Building
21 Code with a limited set of revisions for BC, and we
22 proposed, and had accepted by the Building Safety
23 Advisory Council, a notion of only changing it where a
24 unique condition or circumstance existed in BC that we
25 felt we could only address through a change or
26 addition to the code. Now, "unique" had a fairly
27 lengthy definition, but it was conditions that don't
28 exist elsewhere in the country, that do in BC, and
29 therefore need to be addressed differently in the
30 code, or the code doesn't address them. Quite
31 honestly, political issues, government initiatives
32 that can best be handled through a building
33 regulation.

34 To that end, we reviewed the '92 code to see if
35 there was any of the BC changes that were in there
36 that fell into that criteria of addressing a unique
37 issue. And there were a few. So we -- we proposed to
38 bring those across to the new code and implement them.
39 We dispensed with quite a large number of changes in
40 the '92 code that were considered to be not addressing
41 any unique concern in BC, they were just different
42 from the national code, and in many cases, the
43 national code had adopted some of those BC changes,
44 and they were now in the latest edition of the
45 national code.

46 We put that proposal to Building Safety Advisory
47 Council, and I won't say it was accepted easily, but

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1 ultimately, they agreed, yes, that's a reasonable way
2 to go, and go for it. Their may concern was, adopt
3 the '95 national code, and I think words were used
4 "with as few changes as possible."

5 It was agreed that the Building Safety Advisory
6 Council was not the appropriate body to do a technical
7 review of what we were proposing, and so it was
8 proposed that a sub-committee of BSAC be put together
9 for the plumbing -- for the building and the plumbing
10 code, and that those two groups look at our proposals,
11 from the -- from the Building Policy Branch, at a
12 technical level, make recommendation to the ministry
13 as to whether they were good or bad or not. And we
14 went through that process, there was two or three
15 meetings of those respective committees to look at the
16 two parts of the code, building and plumbing, and at
17 the end of the day, we seemed to get a reasonable
18 consensus of what we were doing was okay, and produced
19 the code.

20 The code was in fact in production, or very close
21 to it, when your Commission met the first time. And
22 it was decided that we would wait, at least until the
23 Commission reported out, before producing the code.
24 We were only concerned with the possible
25 recommendations around building envelope, and that was
26 reviewed when the recommendations came down, and there
27 were -- was another ad hoc committee formed to look at
28 Part 5 specifically, based on one of your
29 recommendations. That group comprised industry
30 experts, because we didn't feel it was appropriate to
31 wait much longer, and they agreed that, "No, we're
32 quite happy with Part 5, it's well-written." There
33 was a couple of very minor editorial changes made to
34 it, which were also agreed to by the National Research
35 Council staff that was part of that committee, that,
36 "Yes, okay. That could be worded a little better,"
37 but we weren't dealing with changing requirements,
38 simply making it slightly clearer. And that was the
39 process we went through.

40 Once that final review, if you like, of Part 5 was
41 done, then we went to the presses and produced the
42 code, and it became effective in December.

43 Q [R] Again, it would assist the Commission to have a
44 composition of the sub-committee of the Safety Council
45 that looked at the building code, we don't care about
46 the plumbing code particularly, interesting as it is,
47 and -- and that ad hoc committee that assisted you

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Questions by Mr. Leask

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1 with Part 5, the composition of that would also be
2 helpful.

3 Now, we've been told, in submissions here, that
4 the HPO advisory committee has, I think, formed a
5 sub-committee or a group of its members who are about
6 to look at building code issues from their
7 perspective.

8 A That's right, yes.

9 Q You're aware of that, I take it?

10 A I'm on it.

11 Q Oh, okay. That was my essential question. [Laughter]

12 A We've had one meeting to sort of establish terms of
13 reference, and there's another meeting scheduled.

14 Q I don't want to hold you responsible for this, because
15 it's obviously not your committee, but do have you a
16 sense of when that group is going to be able to
17 complete its work?

18 A From the first meeting, I had a sense that they wanted
19 to go through this fairly quickly, so I think, you
20 know, early next year was -- no specific dates -- but
21 early next year was mentioned, as reporting out, yes.

22 Q We have other means of doing this, but just to let you
23 know that obviously the Commission was very interested
24 in the work of that sub-committee, and looks forward
25 to seeing that report, if possible, before we report
26 out.

27 A Okay.

28 Q It's hard to know how that timing is going to work, --

29 A Exactly.

30 Q -- but if it does work, we'd like to see that.

31 Now, I think I want to conclude with a question
32 that I think you have already answered, but I'm going
33 to put it in my words to see -- make sure I've
34 understood it, and so tell me if I'm right. Leaky or
35 rotting condominiums that are -- become that way
36 through water incursion into the building envelope
37 aren't caused by conforming to the code, they're
38 caused by violating the code?

39 A Yes.

40 MR. LEASK: Thank you.

41 MR. BARRETT: Ms. Allan has one more question.

42
43 **FURTHER QUESTIONS BY MS. ALLAN:**

44
45 Q Sorry, Mr. Thompson, my curiosity has been raised here
46 by a couple of things that you have said in the last
47 few minutes. But I'll start with -- going back to the

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Further questions by Ms. Allan

- 1 your statement earlier of saying that Mr. Currie
2 identified the need for an air space in the '85 code,
3 and that that was addressed as the air barrier and
4 vapour barrier were being separated, in terms of the
5 understanding or approach to them?
- 6 A Actually in '87, when he wrote his letter to the
7 national code people, we were dealing, at that
8 point -- we had already adopted the 1985 code, if I
9 have my times right here, which -- that's the point
10 where we went from just a vapour barrier to a sealed
11 vapour barrier. I think his concerns there were, "We
12 now have this sealed vapour barrier on the inside,
13 which we know won't be perfect," and I'm sure he was
14 also aware that this was trying to address the air
15 movement issue. And we have a -- potentially another
16 vapour barrier, not an air barrier, but another vapour
17 barrier on the outside, and he was concerned that we
18 were ratcheting up, if you like, to a point where we
19 might have problems with the inside of that wall.
- 20 Q But that the -- the solution was to create enough of
21 an air space?
- 22 A The solution was to make sure that the -- the exterior
23 membrane, or membranes, depending on how the building
24 was built, would allow moisture to evaporate to the
25 outside.
- 26 Q Which the BC Building Code had adopted --
- 27 A Yes.
- 28 Q -- that approach?
- 29 A Yes.
- 30 Q So would it be fair to say that the letter, in 1987,
31 wasn't about BC at all, it was -- it was a letter to
32 the National Research Council saying, "We've got it
33 right, and the rest of the country might be getting it
34 wrong"?
- 35 A I think, yeah, it's fair to say that, at this -- at
36 that point, we weren't -- we weren't addressing a
37 unique BC concern. We were addressing a general
38 building science issue that we might be trapping
39 moisture inside the wall from interior sources.
- 40 Q Which BC was avoiding because of this process of 41
41 participants from the industry --
- 42 A Well, certainly.
- 43 Q -- adopting a code that had addressed "if you're going
44 to tighten it up, you also do this adjustment"?
- 45 A Yes.
- 46 Q So you also mentioned, in 1988, Mr. Currie retired.
- 47 A Right.

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- 1 Q That means that when the 1987 building code was
2 adopted, he was head of the Building Standards Branch?
3 A Right.
4 Q So the Building Standards Branch was responsible for
5 this process of code adoption?
6 A Yes.
7 Q So had there been any other concerns that Mr. Currie
8 had -- would it be reasonable to assume that he was in
9 charge of the organization that was responsible for
10 the process of adopting changes to the code?
11 A Yeah.
12 Q So any of his other concerns may have made their way
13 into --
14 A Oh, and as a matter of fact, did. Like I said, there
15 was some code changes that were promulgated within the
16 Branch of that day. One of them, in particular, was
17 the design of stairs. And my understanding was that
18 was one of Mr. Currie's particular interests, and the
19 Branch worked on a -- on a package of -- of revisions
20 for stair requirements, which did ultimately go into
21 that code.
22 Q So the -- is it also fair to say, then, because there
23 were numerous issues raised in Mr. Currie's subsequent
24 letters, in '91 and '98, I think it was, --
25 A Um-hum.
26 Q -- to the ministry, is it reasonable to conclude that
27 all of the other issues, which I know you've addressed
28 some of them, had either been dealt with in the 1985,
29 '97 [sic] review, and had been considered not to be
30 important to draft in the code, that in other words,
31 any -- any and all issues would have been addressed in
32 that participatory process?
33 A I think, in one form or another, certainly -- in the
34 '87 BC Building Code, a whole number of provincial
35 concerns had been addressed and dealt with in a very
36 open and democratic manner, and the same process
37 existed for the '90- -- '92 code, and probably the
38 letter that he wrote in '92 was -- was undoubtedly
39 brought about because he saw the new code, which he
40 wasn't involved with, and still had a concern.
41 Q He was -- in fact was the senior bureaucrat --
42 A Well, in '92 he was retired.
43 Q No, I'm sorry -- oh, the '92 code, I'm sorry.
44 A Yeah. So when the '92 code came out, there was
45 another letter, --
46 Q The national code, though.
47 A -- I believe, -- yeah, well, the national code, and

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- 1 then subsequently the BC code. And his letter to the
2 minister of the day -- I believe it was in '92 -- I'm
3 pretty sure it was because he now had a copy of the
4 newest BC code, and he felt -- he felt it still didn't
5 adequately address his concern. I guess our feeling
6 was that the code did adequately address it, because
7 it had gone through the appropriate technical review
8 and so on that the people at the national code
9 level -- this was -- this was a known issue and being
10 addressed, and adequately, by the -- by the
11 appropriate committees, --
12 Q So?
13 A -- and it didn't come up within the province as an
14 issue.
15 Q So the issues in the '92 and the subsequent letters,
16 was there anything in those letters that were new
17 information to you or your -- or the process?
18 A No. It was a repeat of his concerns from before he
19 retired.
20 Q That had been addressed?
21 A Yes.
22 Q And I guess one final question I have is, the need for
23 adequate air space, how long is the understanding of
24 that building science phenomena, I guess, been known?
25 Is that -- does that date back to the '50s and '60s,
26 when the research was done for the building digest?
27 A My sense is that the -- the idea of applying
28 rain-screens or drainage channels or air spaces
29 between the cladding and the structure of the
30 building, the sheathing, is something that hasn't been
31 appreciated until fairly recently. It's not a new
32 idea.
33 Q By who -- I'm sorry, appreciated by who?
34 A By the industry in general, and perhaps even the --
35 the code writers. It's not a new concept. I'm sure
36 it's been brought to your attention before, that large
37 buildings, office buildings and so on, with curtain
38 walls are a rain-screen principle. They've been
39 addressing known problems with large buildings with
40 significant exposure to wind, and uneven exposure to
41 wind across their faces, and they've addressed that in
42 various ways. One of them is the curtain wall, which
43 is a very common form of construction in large office
44 buildings and other buildings of that type, but it's
45 not used universally.
46 Masonry veneer, used in all kinds of construction,
47 has traditionally had an air space behind it, knowing

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1 that masonry is not waterproof, that water will work
2 its way through cracks or just through the brick and
3 the mortar, and it needs to have a way of getting out.
4 And there's weep-holes at the bottom, and the --
5 moderately -- the water will run down the backside of
6 the brick.

7 So there is an understanding of, in certain
8 situations, a need to separate the cladding from --
9 from the sheathing beneath it.

10 But it would appear, certainly, that the situation
11 we're running into here, I don't know that that was
12 fully appreciated by all concerned, that that was
13 perhaps required.

14 Q Um-hum.

15 A Now, having said that, we have lots of buildings out
16 here, with relatively traditional construction, of no
17 air space behind them, that aren't leaking. And so
18 this is why I say there's a number of factors, and
19 that may be where the lack of adequate knowledge is in
20 when do we -- when should we be applying rain-screens
21 or air channels, and when is it not necessary? And
22 that's another reason that I don't think it's
23 appropriate to mandate a specific approach, because it
24 may be overkill, in many cases.

25 Q But I mean, isn't that consistent with Part 5, which I
26 understand has probably been in the code since the
27 early '40s?

28 A Well, Part 5 --

29 Q Part 5 says if the water gets in, it has to get out,
30 and it doesn't matter if it gets out quickly through a
31 screen or it's able to breathe out, --

32 A Yeah.

33 Q -- it has to get out.

34 A It's certainly a recognition -- it's certainly a
35 recognition that we don't want water staying in the
36 wall, and we don't want water trapped behind the
37 cladding. I mean, that's going to be a problem.

38 MS. ALLAN: Thank you very much --

39 Q [R] Oh, one final request. Part 5 and Part 9
40 National Research Council committees, --

41 A Yes?

42 Q -- could we please get the name of the chair and how
43 to contact them, --

44 A Sure.

45 Q -- would that be possible to come to me?

46 A Sure.

47 Q Thank you very much.

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1 MR. BARRETT: Mr. Thompson, I want to thank you, first of
2 all, by way of an apology. We asked you to come over,
3 and our agenda was changed, and you graciously
4 accepted a new date. I want to thank you for that.
5 And I want to thank you for your patience today, and
6 your presentation, and we anticipate, if you have the
7 chance to mail into the Commission, the material that
8 both Mr. Leask and Ms. Allan have asked.
9 MR. THOMPSON: Yes.
10 MR. BARRETT: And that concludes our... Oh, I've just been
11 told that I have to announce that our next session is
12 Tuesday, November the 20th [sic] at 9:30, here, same
13 location, next Tuesday, 9:30 in the morning, and
14 there's a change, on Wednesday, from 2:00 p.m. to
15 4:00 p.m., rather than the morning, here in the same
16 location.
17 Thank you again.
18 MR. THOMPSON: Thank you.
19 MR. BARRETT: And I would add that my -- or the house we
20 lived in was built in 1909 and leaks both ways, air
21 and all.
22
23 (ADJOURNED)
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Presentation by Ms. Adaire Chown

1 MR. BARRETT: Adaire Chown?

2
3 PRESENTATION BY MS. ADAIRE CHOWN:

4
5 Thank you.

6 MR. BARRETT: Adaire Chown, the senior technical adviser of
7 the Canadian Code Centre, the Institute for Research
8 and Construction, National Research Council in Canada,
9 and I want to thank you for coming for this
10 presentation.

11 MS. CHOWN: You're very welcome.

12 As you say, I'm senior technical adviser at the
13 Canadian Code Centre. I provide technical advisory
14 support to the standing committee on environmental
15 separation, which is the committee responsible for
16 part 5 of the National Building Code, and I also serve
17 as technical adviser to the standing committee on
18 houses, which is the committee responsible for part 9
19 of the National Building Code.

20 This presentation is in response to your request
21 provided to the council last week to provide some
22 information on the National Building Code and also on
23 NRC's response to correspondence from Mr. Jim Currie.

24 You'll appreciate that I've had limited time to
25 put together this material, so I'll essentially follow
26 the written submission.

27 National Building Code of Canada is a model code.
28 Its principal objective is to provide requirements and
29 criteria to provide minimum acceptable level of health
30 and safety for occupants of buildings across Canada.
31 The NBC is a model code, it has no legal status unless
32 it is adopted or adapted by an authority having
33 jurisdiction.

34 Through adoption and adaptation, however, it
35 serves as the basis for all regulation of buildings in
36 the country. The primary health issues that are
37 addressed in the NBC include sanitation, indoor air
38 quality, indoor temperature and moisture conditions,
39 protection from noise and vibration. The safety
40 issues addressed include structural safety, fire
41 safety, safety in use such as provided by guards and
42 handrails, and to a limited extent, safety during
43 construction and demolition. The NBC also provides
44 requirements that address some other issues such as
45 accessibility and protection of buildings in fire.

46 The NBC does not address energy efficiency. It's
47 the Model National Energy Code for Buildings and the

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1 Model National Energy Code for Houses that address
2 this issue, and like the NBC, these codes are model
3 codes. They have no legal status until adopted or
4 adapted by an authority having jurisdiction.

5 The provision of requirements in the identified
6 subject areas doesn't mean that the NBC addresses in
7 complete depth or breadth all of these subjects. For
8 example, the NBC addresses sound control, but only
9 with respect to airborne noise, not with respect to
10 impact noise.

11 The NBC, as I mentioned, addresses health, but it
12 does not address all aspects of health. For example,
13 it doesn't address conditions that would be
14 appropriate for people suffering from hypersensitivity
15 to chemicals. Nor do the requirements aim to
16 eliminate all degrees of hazard. The code, as I
17 mentioned, includes requirements for guards and
18 handrails, but it does not require that guards be
19 installed if the difference in elevation is less than
20 600 millimetres, that's the level of hazard is
21 considered to be acceptable. The code addresses fire
22 safety, and yet we allow and permit the construction
23 of combustible buildings with appropriate protection.

24 So the requirements are intended to specify
25 minimum level of protection needed to provide an
26 acceptable level of health and safety.

27 Now, the criteria specified in the building code
28 may be based on either empirical evidence or science
29 or a combination of the two. Code recognizes that the
30 best laboratory in the world is out there beyond our
31 walls, and that science cannot necessarily explain all
32 the mechanisms that are involved in any particular
33 situation.

34 Consequently, the code provisions often describe
35 what has been demonstrated to provide effective
36 performance over time, whether or not we completely
37 understand why that is the case.

38 As we learn more about building performance,
39 requirements to the code are updated to reflect that
40 understanding, but we have to take great care to
41 ensure that performance is verifiable. We cannot
42 simply rely on computer models or tests, we have to
43 ensure that what is demonstrated by those models and
44 tests is in fact reflected in the field.

45 The code as a whole is written by code users:
46 developers, designers, builders, manufacturers,
47 regulatory officials, owners, managers, you, and I.

Presentation by Ms. Adaire Chown

1 It's the community at large that decides what the code
2 addresses and what levels of performance should be
3 specified in the requirements. Changes to the code
4 may be specified -- may be proposed by anybody who is
5 interested in doing so, and changes are made with due
6 consideration of the existing provisions, the reasons
7 for the proposed change, and the supporting evidence
8 to ensure that solutions will be appropriate and
9 effective.

10 Proposals are subject to review by one of several
11 standing committees. These committees have
12 representation from all regions of the country and all
13 relevant interests. Participation in the standing
14 committees is not limited by geography or by financial
15 situation.

16 British Columbia has provided significant input to
17 the development of the *National Building Code*, and if
18 we look, for example, at the standing committee on
19 housing and small buildings, currently known as the
20 standing committee on houses, and looking at the
21 period leading up to the publication of the 1980 NBC
22 up to the present, the average representation on that
23 committee from British Columbia was 18 per cent.

24 Proposals are also submitted to general public
25 review. And this provides an opportunity for all
26 interested parties to participate in the code
27 development process, to critique proposals, propose
28 revisions, or to indicate support. In the development
29 of the 1995 NBC, over a thousand changes were
30 proposed, over 4,000 comments were considered by the
31 standing committees before any decisions were made.

32 Within the resources available, the staff of the
33 Canadian Code Centre and research advisers from the
34 Institute for Research and Construction provide
35 technical information to the standing committees to
36 assist them in their deliberations. Information isn't
37 drawn just from the Institute, it's drawn from across
38 Canada and around the world.

39 In addition to the technical requirements that
40 address the subjects I've mentioned previously, the
41 *National Building Code* provides general statements of
42 application, definitions of words and phrases that
43 have special meaning within the context of the code,
44 references and information on climate information, and
45 requirements related to design information and design
46 review that is -- that must be provided to indicate
47 compliance with the technical requirements.

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1 Now, in its provision of technical requirements,
2 the NBC contains both prescriptive and performance
3 provisions. Even part 9, which is generally
4 considered to be a prescriptive part of the code,
5 includes performance requirements.

6 In many of the discussions related to the
7 condominium failures, numerous comments on the code
8 have focused on the prescriptive requirements, but in
9 evaluating the adequacy of the code in addressing a
10 particular concern, or in evaluating the compliance of
11 a construction with the code, the focus should first
12 be on the performance requirements.

13 Just to lend a little bit of complication to the
14 discussion, when we look at larger buildings, the
15 current requirements for building envelopes are
16 provided in part 5 of the National Building Code. Up
17 until 1980, they were included in part 4. So if we
18 look back at what the code has provided on a
19 performance basis for larger buildings, we find the
20 provisions in section 4.7 on cladding. And the
21 provisions have essentially remained unchanged since
22 1965, up until the 1990 NBC, and I'm sure you're --
23 you're very familiar with the requirement. I'm sure
24 it's been oft-quoted to the Commission, provision that
25 was in the -- in part 5 in 1990, that referred to the
26 requirement for all exterior cladding to shed water to
27 prevent entry into other components of the building
28 assembly, and when there is a likelihood of some
29 penetration, that drainage must be provided to take
30 the water back to the outside.

31 Of note here in this wording is the emphasis on
32 protection from ingress, with drainage only as a
33 second line of defence. To recognize an absolute
34 prevention of ingress is difficult, given construction
35 tolerances and the performance of building assemblies
36 over time.

37 If we look at the construction of smaller
38 buildings, we can look as far back as 1950 to find
39 performance requirements. The code for dwelling
40 construction for buildings housing one or two families
41 was published in 1950 and had a performance
42 requirement that required that the exterior wall
43 covering be applied in such a way that the sheathing
44 and framing beneath is effectively protected from the
45 weather. Now, although the application of that code
46 is such that it wouldn't have applied to the BC
47 condominium projects, is indicative of long-term

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1 understanding of the function of the cladding.

2 And again, the more familiar requirement today is
3 the one that is presented in article 9-27-2-1 in
4 part 9, which requires that the cladding restrict the
5 entry of rain and snow into the wall assembly. And
6 this provision has effectively remained unchanged
7 since 1975.

8 Again, the focus here is on control of rain
9 penetration at the cladding plane, and secondarily,
10 the provision of flashings and sheathing membranes to
11 redirect incidental moisture ingress.

12 Now, it's these performance requirements that
13 state what must be achieved. They must be complied
14 with, regardless of what other provisions apply in the
15 code. Knowledge of acceptable construction is
16 critical to compliance. The code doesn't tell
17 designers or builders or manufacturers or regulators
18 everything they need to know in order to achieve this
19 end. The code acknowledges and relies upon the
20 massive amount of information that's available on
21 design and construction, and recognizes demonstrated
22 acceptable performance. It does not attempt to serve
23 as a design guide or to describe acceptable
24 construction details.

25 The prescriptive requirements, most of which are
26 found in part 9, state, for some specific materials
27 and components, the properties and installations that
28 are consistent with achieving the performance
29 requirements. They're not intended to be complete or
30 comprehensive.

31 For simplicity, a set of prescriptive requirements
32 may define a solution that exceeds the required
33 minimum performance in some cases.

34 To give a very, very simple example. Part 9
35 requires that foundation drainage be provided by tile
36 or pipe that is not less than a hundred millimetres in
37 diameter. In certain circumstances, you wouldn't need
38 a 4-inch pipe to provide the drainage that's needed,
39 but for simplicity's sake, the code specifies a
40 hundred millimetres.

41 There's considerable redundancy in the
42 requirements in section 9-23 on wood-frame
43 construction. And again, this is simply for the sake
44 of simplicity, so that one is not required to do an
45 engineering analysis of every house.

46 Conversely, in reflecting adequate and acceptable
47 construction, the prescriptive requirements do not

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1 necessarily reflect best practice. The intent here is
2 to define minimum acceptable practice for health and
3 safety. Consequently, the prescriptive requirements
4 may not be consistent with optimum solutions that are
5 recommended in the literature. And again, the code
6 recognizes the vast amount of information that's
7 available on building design and construction and
8 on -- that has demonstrated acceptable performance.

9 The intent here isn't to be argumentative but just
10 to provide one example. I've included in my paper a
11 quote from a publication written by a preeminent
12 American architect, Andrew J. Downing. Publication
13 was published in 1851, and he's discussing stucco
14 installations and says that:

15
16 Nothing but attention to a few simple
17 rules is necessary to ensure success in
18 stuccoing in this country.
19

20 And he proceeds to provide a set of rules, the
21 first of which is not to use stucco except on
22 buildings with projecting roofs, in order to prevent
23 the possibility of the wall getting saturated at the
24 eaves. Now, this is not to say that one should not
25 ever build buildings with stucco that do not have
26 overhangs. What it says is that if you diverge from
27 traditional practice, you have to re-evaluate the
28 design and construction of your building to address
29 the changes in moisture loads on that building
30 envelope.

31 MR. BARRETT: Where is he now when we needed him?

32 FROM THE FLOOR: [Laughter]

33 MS. CHOWN: To that end, the code specifically states that
34 it is not intended to limit the design or construction
35 of buildings, provided that the end result produces
36 construction that will perform at least as well as a
37 building that is built to the specific requirements of
38 the code.

39 I'd like to move on now to address the
40 correspondence received from Mr. Currie. In addition
41 to specific proposals for changes to the code, the
42 standing committees also respond to general
43 correspondence, and the National Research Council
44 received correspondence directly from Mr. Currie in
45 1987, and then, in 1992, received correspondence from
46 Mr. Jim Trainor -- actually, it was a letter that was
47 copied to the council. The letter was addressed to

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1 Mr. Jack Robertson, who was then director of the BC
2 Building Standards Branch, referring to correspondence
3 with Mr. Robertson, with Mr. Robin Blencoe, then
4 Minister of Municipal Affairs, Recreation, and
5 Culture, and also included a letter of December 1991
6 from Mr. Currie.

7 In the 1987 correspondence, Mr. Currie raised five
8 points. First was his concern over the perceived
9 effects on air moisture tightness of the -- what he
10 considered to be the energy conservation requirements
11 in the *National Building Code* and the consequent
12 jeopardizing of health and structural sufficiency.
13 Second was his perception that new low air and vapour
14 permeance sheathing materials were being accepted
15 without consideration of the overall required
16 performance of the assembly. Third was a lack of
17 definition of the air barrier system in terms of
18 vapour perform- -- vapour permeance. Fourth, lack of
19 compliance with the requirement in the code for
20 maximum 19-per-cent moisture content in lumber, and
21 finally, inadequate ventilation as a consequence of
22 sealing the building envelope. I've provided in my
23 paper some comments on each of these, and I will go
24 through these quickly.

25 I've noted previously that the *National Building*
26 *Code* does not address energy conservation. This is
27 the purview of the model national energy codes. The
28 air barrier system and vapour barrier requirements in
29 the *National Building Code* are provided to reduce
30 probability of excessive condensation of moisture
31 within the building envelope as a result of outward
32 migration of water vapour from the interior. "Vapour
33 barrier" addresses vapour diffusion. "Air barrier
34 system" addresses vapour transfer due to air leakage.

35 Requirements for vapour barriers have been
36 included in the code since its first edition in 1941.
37 The evolution of the code to also identify explicit
38 requirements for air barrier systems is not in
39 response to energy concerns, but rather in recognition
40 of building envelope failures. And these requirements
41 reflect a better understanding by researchers and
42 practitioners that air leakage is the more significant
43 moisture transfer mechanism, and the first
44 requirements that explicitly referred to air barrier
45 systems were provided in the 1965 *National Building*
46 *Code*, long before the energy crisis of the '70s.

47 With respect to moisture entrapment, Mr. Currie

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1 correctly identifies potential for moisture
2 accumulation where there are low vapour permeance
3 materials on the interior and exterior of wall
4 assemblies. However, the demonstrated effective
5 performance of wood-frame wall assemblies that comply
6 with all the requirements of the code does not support
7 Mr. Currie's concerns. And it is notable that just as
8 the 1941 *National Building Code* calls for vapour
9 barriers, it's also notable that it recognizes the use
10 of plywood. This was not a new material in the
11 late-'70s or early-'80s.

12 With respect to permeance of materials in the air
13 barrier system, the building code permits significant
14 flexibility in the design of building envelope
15 assemblies, and the location of the air-tight element
16 of the air barrier system is not significant unless it
17 is a low vapour permeance material. The code
18 provides -- and has never provided any requirements
19 that would preclude low-permeance materials from being
20 installed on the interior of the assembly, but for
21 clarification, the issue is addressed explicitly in
22 the 1990 *National Building Code*, and additional
23 explanatory information was included in the appendix
24 to that code.

25 Moisture content of lumber. It's noted that if
26 climatic and industry conditions are such that it is
27 considered necessary to finish wood-frame walls before
28 the moisture content of the lumber can be reduced to
29 19 per cent, then the code requires that an
30 alternative construction be used.

31 The ventilation issues raised by Mr. Currie do not
32 pertain directly to the deterioration issue, so I
33 haven't addressed them in the paper, but if the
34 Commissioner has any questions on the subject, I'd be
35 happy to answer.

36 Mr. Currie provided recommendations for what he
37 considered to be an appropriate wood-frame wall
38 construction, and there are no provisions in the code
39 that would preclude the construction that he suggests.

40 His correspondence was provided to the standing
41 committee on housing and small buildings for its
42 consideration, and was reviewed at the committee's
43 35th meeting, in 1988, and the minutes record that
44 Mr. Currie's concerns may be partially satisfied by
45 the proposed revisions to section 9-26, currently
46 9-25, and this is the provision that was included in
47 the 1990 code to address the issue of air barrier

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materials that are also low vapour permeance. It is also noted that some of his concerns would be addressed by changes in subsection 9-33-3. This would have been the subsection 9-32-3 in the 1990 code, and again, these address ventilation issues as opposed to building envelope and moisture transfer issues.

The 1991-'92 correspondence essentially reiterates the concerns that were raised in the 1987 letter, and this correspondence was also provided to the standing committee on housing and small buildings, and reviewed at its 41st meeting held in November 1992, and the minutes record that it would be difficult, without further documentation of the problems with code-conforming buildings, to recommend any changes to the code requirements.

In summary, with respect to the Currie correspondence, I think it's important to note that Mr. Currie's concerns focus on construction moisture and the control of moisture transfer from the interior into wall assemblies. All the evidence that NRC has seen pertaining to the BC condominium failures indicates that the source of moisture that has caused these failures is ingress of precipitation from the exterior, and that the evidence also indicates that the volumes of water that have entered these failed wall assemblies are of such a magnitude that no degree of increased air or vapour permeance would be adequate to permit dissipation of that moisture before the onset of deterioration.

So in conclusion, I'd simply like to indicate that the National Building Code is a living document written by the industry at large: designers, developers, builders, manufacturers, regulatory officials, owners, managers, anybody who would like to participate in the process.

It is my belief that had additional provisions been necessary to address particular conditions in British Columbia, that proposals would have been brought forward and addressed.

Thank you very much. [Applause]

QUESTIONS BY MS. ALLAN:

Q Ms. Chown, so I guess -- are you saying that if a building fails in this province, it's a result of building code violations?

A I would suggest that, given the performance

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- 1 requirements specifically, that if a failure has been
2 identified as being due to ingress of precipitation,
3 then that building has not complied with the building
4 code; that's correct.
- 5 Q And with respect to the changes that were made to the
6 1990 code, at the National Research Council, that
7 addressed the concerns that were raised by Mr. Currie,
8 you're saying that was just a clarification of what
9 was already in there, that -- that the buildings could
10 have been built successfully -- from 1941 onward, --
11 That's correct.
- 12 Q -- there was nothing stopping these buildings from
13 being built properly?
- 14 A That's correct. We -- there was, in the public domain
15 at that time, considerable information with respect to
16 requirements for air barriers and vapour barriers,
17 location of same. As I indicated in my presentation,
18 the code does not provide prescriptive requirements to
19 describe all possible building envelope constructions.
20 It relies on the performance requirements and the
21 general information available, and, yes, building
22 envelopes could have been constructed as Mr. Currie
23 suggested, within the -- and comply with the building
24 code requirements, and the 1990 provision, in effect,
25 becomes a clarification.
- 26 Q A clarification. Now, with respect to the
27 participation, you mentioned 18-per-cent
28 representation from BC, from at least 1980, on the
29 development of the *National Building Code*?
- 30 A On average, yes.
- 31 Q On average. With respect to that participation, now
32 we've had Mr. David Verge present to this Commission,
33 and he expressed to the Commission that he was
34 surprised by Mr. Currie's comments, but then yesterday
35 when we were in discussion, it became clear that he
36 sat on the part 9 committee, Mr. Verge sat on the
37 part 9 committee from I think 1979 to 1994.
- 38 A That's correct.
- 39 Q That's correct?
- 40 A Yes.
- 41 Q And you dealt with Mr. Currie's concerns on at least
42 two of those committee meetings; did you not?
- 43 A That's correct, yes.
- 44 Q Now, just -- just to clarify. Part 9 is for housing
45 and small buildings. The predominance of the
46 multifamily units that we have in BC should have been
47 built under part 5 anyway; correct?

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1 A Not necessarily. Whether or not a building -- a
2 residential building falls under part 5 or part 9
3 depends on storey height and building area, and
4 building area is defined, in part, by location of fire
5 walls. So one could potentially build a row of town
6 houses three-mile-long, and build it under part 9 if
7 you placed fire walls at appropriate locations.

8 Q But for the -- for multifamily units, 600 square
9 metres I think is the --

10 A 600 square metres is, to state it simply, would be
11 footprint.

12 Q Right.

13 A That's right. So 600 square metres, three storeys
14 high.

15 Q So a 40-unit condominium building, three-storey-high,
16 40-unit, would that likely be under part 5, not
17 part 9?

18 A If you were within the 600 metres and within the
19 three-storey height, you could build that building
20 under part 9.

21 Q Now, with respect to -- so the concerns that were
22 raised, they were dealt with by the part 9 committee?

23 A That's correct.

24 Q But were ra- -- were they dealt with by the part 5
25 committee, too, or did they not need to be?

26 A With respect to the Currie correspondence
27 specifically?

28 Q [No audible response]

29 A Let me just provide a little background information
30 here. I mentioned earlier that, prior to 1980, the
31 building envelope requirements for larger buildings
32 were included in part 4. It was only after that that
33 they were provided in a separate part, in part 5.
34 However, responsibility for those requirements still
35 remained with the standing committee on structural
36 design. And you might appreciate that they recognized
37 that they had limited expertise in that area.

38 The standing committee on part 5 was established
39 in November of 1992, and they had, in effect, five or
40 six months in order to work on revisions to that part
41 of the code before the information had to go out for
42 public review. So they were on a very strict time
43 schedule. They were, however, provided with copies of
44 the 1991-'92 correspondence, for information. It was
45 not discussed by the part 5 committee in any depth
46 because it had been addressed by the part 9 committee,
47 and the part 5 committee considered that that -- the

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- 1 decisions of part 9 were appropriate.
2 Q Now, with respect to the problems that have been
3 identified in British Columbia in the recent past, two
4 or three years, and you've been technical
5 representative to both part 9 and part 5; is that
6 correct?
7 A That's right, I've been with the code centre since
8 1991.
9 Q And -- and you attend all the meetings?
10 A I do.
11 Q Now, can you give us some general indication of the
12 nature of the problems that have been raised at those
13 meetings, from representatives from BC or elsewhere?
14 I guess this may have been a topic of conversation in
15 the recent three years.
16 A It's certainly been a topic of discussion. However,
17 it has not been an agenda item, which is to say that
18 proposed changes have not been brought forward to
19 specifically address issues in British Columbia.
20 Q Are you saying that in the last three years, or
21 two-and-a-half years, since this issue has been
22 foremost in terms of construction issues in BC, --
23 That's right.
24 Q -- no one has brought forward a request to look at the
25 code as being a possible place to make changes, to
26 amend this -- to address this problem?
27 A No proposed changes have been received to address this
28 issue. The general understanding has been that the
29 performance requirements address the issue in a
30 general manner, that the information is available,
31 there is nothing in the code that would preclude
32 proper construction. Having said that, there seems to
33 be an understanding that the industry does not have
34 adequate access to the information that is available,
35 or is not taking advantage of that have information,
36 and consequently, in the current code cycle, proposals
37 are being brought forward to specifically address
38 concerns that reflect the premature failures of
39 buildings here in British Columbia, but also elsewhere
40 across the country and across the continent.
41 Q [R] So do you recall there being any discussion at
42 the part 9 committee meetings regarding the Currie
43 letters in the recent past?
44 A The last discussion would have been in 1992 at the
45 41st meeting.
46 Q Now, do you -- do you keep track of who attends the
47 different meetings?

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- 1 A We have records for recent meetings, but I don't
2 believe we have records that go back very far at all.
3 Q Would it be possible for this Commission to get a list
4 of the current members of the part 9 --
5 A Absolutely.
6 Q -- and the part 5 committee?
7 A Yes, it's public information.
8 Q Thank you. And perhaps for the last three years would
9 be very helpful --
10 A Certainly.
11 Q -- the make-up.
12 A Yes. ^ ^
13 Q Moving to a slightly different topic, and this is
14 detail, but I know you were here when there was a
15 presentation by Mr. Busque regarding the type 1 vapour
16 barrier, and the discussion around whether or not poly
17 was optional. Can you just make -- can you just
18 discuss that issue briefly with us?
19 A Certainly. Just to give you a snapshot view, my
20 research in the last couple of days hasn't been
21 terribly extensive, but I drew on information from the
22 Canadian Construction Material Centre, CCMC. That
23 program is concerned with the evaluation of building
24 products and constructions for compliance with the
25 code. It was previously housed at Canada Mortgage and
26 Housing in the early-'80s. I obtained a copy of the
27 listings from the Canada Mortgage and Housing
28 organizations from 1982, and the listings at that time
29 identified 37 non-poly vapour barrier materials
30 produced by 11 different manufacturers, and between 13
31 and 17 of those materials were type 1. They were
32 materials that were kraft paper based with foil
33 laminations with or without asphalt, asphalt-coated
34 kraft, and foil-backed Gypsumboard.
35 Q So it would be fair to say, then, that polyethylene,
36 under part 9, has always been optional as a vapour
37 barrier under any section of that code?
38 A That's correct.
39 Q Now, you weren't here yesterday when we had a
40 presentation regarding rain-screen technology, but
41 I -- I'm going to ask you some questions anyway, and
42 hopefully without the benefit of that transcript, you
43 can still answer them. Do you believe that
44 rain-screen technology works?
45 A Any technology works only insofar as it is implemented
46 properly. It would be quite simple to build a
47 rain-screen wall that doesn't work. So it depends on

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1 the details. Built properly, it would be a more
 2 rugged assembly than a non-rain-screen, face-sealed
 3 assembly. But as I said, it would be proper -- it
 4 would be quite possible to build a rain-screen wall
 5 that does not work.
 6 Q But if done properly, it should function as intended?
 7 A Yes.
 8 Q Now I've lost my question because I didn't write it
 9 down and -- oh, you're an architect?
 10 A No, I have a degree in architecture.
 11 Q But to become an architect, you'd have to have that
 12 degree; is that correct, it's just --
 13 A I believe so.
 14 Q Yeah. So you're just not a practising architect?
 15 A That's right, I'm not licenced.
 16 MS. ALLAN: Okay. Well, thank you very much. I appreciate
 17 your answers.
 18

19 QUESTIONS BY MR. LEASK:

20
 21 Q I just have a few questions. One is, how are these --
 22 the composition of these committees determined? I
 23 mean, I appreciate your answer that 18 per cent come
 24 from BC, but who picks those people?
 25 A The membership is -- candidates are -- are solicited,
 26 in general. There are notifications that go out in
 27 the popular press requesting that anybody who's
 28 interested in participating submit their resumes.
 29 Those resumes are reviewed by the chairs of the
 30 respective committees, and recommendations are
 31 forwarded to a nominating committee, which is a
 32 committee of the Canadian Commission on Building and
 33 Fire Codes, which is also an industry committee with
 34 representation from across Canada and from all the
 35 interest groups. And there's -- that nominating
 36 committee reviews the recommendations and approves or
 37 not those recommendations, and then forwards their
 38 recommendations to the full Commission for its
 39 approval. So it's very much a matter of the industry
 40 selecting from its own.
 41 Q But the -- you're addressing one issue, but sometimes
 42 here in the periphery, we're also concerned about
 43 central Canada versus the outlying portions. The
 44 decisions are made at the centre, if I followed you
 45 correctly.
 46 A The decisions are made at the centre only insofar as
 47 the secretariat and secretary and technical support to

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1 the National Building Code are provided by staff of
2 the National Research Council. However, the decisions
3 themselves are made by the Commission, and the
4 Commission is itself a committee made up of
5 representatives from across the country, including
6 British Columbia.

7 Q All right. As you're probably aware, we've heard
8 differing suggestions as to how the code or some
9 aspect of it may be wholly or partly responsible for
10 our problem here. As I understand one of those
11 suggestions, it is that the requirements for either
12 vapour barriers or air barriers prevented the internal
13 heat from the building from drying out the moisture
14 that might have got past the cladding. Now, have I
15 described a theory well enough for you to understand
16 what I'm describing?

17 A This -- this is certainly a theory we are familiar
18 with. It is not a theory we prescribe to.

19 Q Could you please explain either what's right or wrong
20 with that theory?

21 A We believe that the air barrier and vapour barriers in
22 building envelopes are intended to, and do, control
23 the transfer of moisture from interior space into the
24 assemblies by either vapour diffusion or air leakage.
25 The evidence we have seen of the failures in British
26 Columbia indicates that the moisture that has caused
27 those failures has come from the exterior, which is to
28 say that the air barrier and the vapour barrier have
29 played no role in the ingress of that moisture, and
30 that furthermore, the volumes involved are such that
31 even if you eliminated the air barrier and vapour
32 barrier, those walls would not dry out.

33 Q All right. Does -- I want to understand your answer
34 as well as I can. Do you believe that construction in
35 BC was permitting much greater ingress of
36 precipitation from sometime in the mid-'80s till now,
37 compared with building prior to that?

38 A That appears to be the case.

39 Q And would you comment on whether that's a design
40 problem or a construction problem or both, in your
41 view?

42 A In my view it's both.

43 Q The design problems being failure to design for our
44 climate, to use a summary; is that right?

45 A I don't believe that climate is a causal factor here.
46 I believe that the building envelopes, as designed,
47 would have failed almost regardless of where the

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1 buildings were built. We are now seeing exactly the
2 same kinds of failures, with the same kinds of
3 construction, in Calgary, which, as you'll appreciate,
4 has a much drier climate. We believe that the climate
5 in the BC coastal areas is an accelerating factor, but
6 not a causal factor.

7 Q All right. So that -- and I don't want to go beyond
8 what you're saying, but I want to say it and see if
9 you agree. These design failures would have caused
10 the buildings to fail anywhere in North America,
11 virtually; is that right?

12 A We -- I would agree with that statement.

13 Q All right. And I mean, without --

14 A Unless there was no rain whatsoever.

15 Q Well, all right. I don't think we --

16 A Within limits, within limits.

17 Q -- have to worry about the middle of a desert.

18 A Right, exactly.

19 Q Anywhere where there's some amount of precipitation?

20 A Right.

21 Q And it's not a matter of taking designs that would
22 have been appropriate in some place and bringing them
23 here, these were badly designed buildings; full stop?

24 A I believe they were badly designed buildings that were
25 complicated by the adoption of an architectural
26 aesthetic that complicated the design issues, which is
27 to say we're dealing with aggravating factors again.
28 The design themselves may not have been completely
29 appropriate, but they weren't completely inappropriate
30 either, if the appropriate consideration had been
31 given to the detailing.

32 Q All right. And that's -- that was my next question or
33 series of questions. We've certainly heard evidence
34 and read submissions that suggested that much of the
35 penetration of the wall assemblies by exterior
36 moistures came at what are referred to as details?

37 A Yes.

38 Q That is to say, windows, balconies, turrets,
39 architectural features of that kind. Do you agree
40 with that?

41 A That seems to be what the evidence suggests. That
42 most of the rain ingress occurred at joints,
43 junctions, penetrations. Which is not to say that
44 some did not also agree -- also occur over the plane
45 of the -- of the wall, but most of it appears to have
46 occurred at joints, junctions, penetrations, and so
47 on, at the details.

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Questions by Mr. Leask

Further questions by Ms. Allan

1 Q And we've been told two things about those details, at
2 least, maybe more, but one thing we've been told is
3 that it doesn't appear that at the time the buildings
4 were constructed, the building designers gave
5 sufficient design direction to those doing the
6 construction. Do you have any knowledge about that?

7 A Only anecdotal.

8 Q All right. And secondly, that those doing the
9 construction work lacked the skill or training or
10 something to enable them to fashion waterproof detail
11 themselves. Does that seem correct?

12 A Again, based on anecdotal evidence, that appears to be
13 the case. The information we have is primarily from
14 buildings that have failed rather than buildings at
15 the design construction stage.

16 Q Several experts and the Architectural Institute of BC
17 and the Association of Professional Engineers and
18 Geoscientists of BC have assured us that it shouldn't
19 happen again. Do you share their confidence?

20 A It would be nice to share their confidence.

21 Q Sure, of course, --

22 A This is -- this is --

23 Q -- the question is, do we?

24 A I think, I hope that we have all learned a very
25 valuable lesson from this unfortunate situation. If
26 in fact we have learned, then there is a much better
27 possibility of avoiding similar situations in the
28 future. If we have not learned, then we are doomed to
29 repeat the -- our failures.

30 MR. LEASK: Thank you.

31
32 FURTHER QUESTIONS BY MS. ALLAN:

33
34 Q Ms. Chown, I have just a couple of questions related
35 to that, then. So essentially, what you're saying is,
36 the transfer of intelligence is critical here, to
37 avoid this problem again?

38 A Absolutely.

39 Q And there is nothing new to be learned, we just have
40 to all understand what's already known?

41 A Mostly what we are learning new these days has to do
42 with fine-tuning. The basics are there, we've
43 understood the basics for many many years, as
44 evidenced by a lot of buildings that are out there and
45 performing well. What we are doing now is fine-tuning
46 our understanding of exactly how building envelopes
47 perform, and consequently, trying to fine-tune design

Presentation by Ms. Adaire Chown
Further questions by Ms. Allan

- 1 and construction to reduce cost, and one has to be
2 very careful how close to the line one treads when
3 doing that.
- 4 Q Well, since the biggest challenge I think we face in
5 the next three to five years is the repairs of the
6 buildings that weren't constructed -- designed and
7 constructed properly, do you have any thoughts about
8 how you go about repairing a building with the design
9 and the details that have caused the problems?
- 10 A It's obviously a very complex question, but to give a
11 very simple answer, we need to go back and look at the
12 very basics of building design construction, and not
13 try to simply deal with the symptoms. For example, a
14 lot of the failures have been related to flanged
15 windows. One cannot expect to provide a retrofit that
16 will perform on -- perform adequately for any length
17 of time unless you address those windows as well.
- 18 Q So that -- that some of the repairs that are looking
19 at perhaps taking a face seal and turn into a rain
20 screen could be -- could make some sense?
- 21 A They could if, as I suggested before, one addresses
22 the details, because one can build rain-screen walls
23 that will also fail.
- 24 Q So for example, some of the designs that -- for
25 repairs we're looking at where they've added
26 overhangs, that that might make some sense in given --
27 given a particular system?
- 28 A It certainly can't hurt.
- 29 MS. ALLAN: Okay. Thank you very much.
- 30 MR. BARRETT: I want to thank you very much for your
31 presentation. It's a very complex issue, and I had an
32 education in an area that I didn't think I was capable
33 of understanding. But one thing that sticks out is
34 the statement you made of the gentleman of 150 years
35 ago, plus a study done by -- I think it was you or
36 CMHC -- that said simply, "90 per cent of the
37 buildings that have overhangs don't leak." I don't
38 think this is rocket science.
- 39 MS. CHOWN: This is not rocket science.
- 40 MR. BARRETT: Thanks very much.
- 41
- 42 [Applause]
- 43
- 44 MR. BARRETT: We are now adjourned till two o'clock this
45 afternoon.
- 46
- 47 [LUNCH]

July 12, 1999

J.C. Currie
910 Mount Road
Hornby Island BC V0R 1Z0



Homeowner
Protection Office

FILE

Dear J.C. Currie:

Thank you for your letter dated May 25, 1999 regarding your concerns about the Building Code. The Honourable Jenny Kwan, Minister of Municipal Affairs, has asked me to respond on her behalf. While you did not make a presentation to the Barrett Commission, your viewpoint was definitely represented there.

One of the Barrett Commission recommendations was to establish the Provincial Advisory Council on Homeowner Protection (Council). The first meeting of the Council has already occurred, and it is anticipated the council will meet at least four times a year. The mandate of the council is to advise and make recommendations to the Homeowner Protection Office (HPO) regarding improving the quality of residential construction in British Columbia, research and education and consumer information initiatives. This includes:

- advising on the main program areas of the HPO: Homeowner's Reconstruction Loan Program; Licensing of Residential Builders, Warranty Regulations and Implementation and Research and Education;
- identifying new and emerging issues in the residential construction industry and making recommendations on appropriate responses to the HPO; and
- advising on the Research and Education components of the HPO particularly as they relate to building science matters, Building Code (both provincial and City of Vancouver), cost effective building techniques and consumer education.

It is anticipated that reviewing building code matters will be identified as one of the priority activities for Council's 1999 - 2000 agenda. If you would like further information on the Provincial Advisory Council, please contact myself or Karen Hemmington at 646-7050.

Yours truly,

Shayne Ramsay
Chief Executive Officer

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May 25, 1999

The Honourable Ms. Kwan,
Minister of Municipal Affairs,
Parliament Buildings,
Victoria.

Dear Madam Minister,

Re: Leaky Condominiums

On Dec. 12, 1991, I wrote to Mr. Blencoe, one of your predecessors, regarding the inevitability of serious moisture problems with wood-frame construction, for convenience a copy of that letter is attached. Earlier, while still employed in your Ministry, and after becoming increasingly concerned over the direction being taken by the National Building Code, I expressed my feelings in writing to the NRC. A copy of that letter, dated Dec. 1 1987, is also attached, together with a letter from one of the many Architects who shared my concerns. Details of my background were given in my letter to Mr. Blencoe.

While I have headed this letter "Leaky Condominiums", which seems to be the common reference used, I think the term is incorrect. The real issue is moisture entrapment in sealed wall systems; in virtually all cases this would involve wood-frame construction. I should add that my concerns were not based on academic theory, but on well established principles of basic building science.

Currently the situation, which was largely avoidable, is a total mess, and referring to it as the tip of an iceberg would probably be an understatement. While bigger buildings understandably are the first affected, smaller homes are almost certain to follow, in fact they may already be involved but simply have not attracted the same media attention as major structures. When moisture problems first surfaced I was obviously interested, and while I did not inspect any of the sites, television coverage clearly showed the existence of rampant dry rot. All references were to leaks and poor construction.

Eventually a welcome, if overdue, investigation into the issue was announced. I made no submission to the enquiry, as your Ministry already possessed the details, and presumably made these available. However, when the report was published I was disappointed that it seemed to be largely a political exercise. Obviously no serious investigation into the reasons for the problems had been made, blame appeared to have been decided beforehand.

Generally anybody finding water problems and rot within their house would tend to conclude automatically that the cause was either bad design, poor workmanship, or inferior materials. Very few would think of questioning the actual requirements imposed on a building by our Building Code. It does however seem strange that nobody asked why, after generations of building wood-framed structures, new buildings would suddenly start failing within a few years, and all in a geographical area with a particular type of winter climate. Even if leaks really were responsible, most buildings at some time will inevitably develop a leak, normally this indicates that something such as a flashing, roofing, or other feature, requires attention. In past years the problem was merely fixed, and any wetness dried out. Never ever, until now, has this necessitated major reconstruction of the building. Blaming the industry was a convenient red herring, diverting attention away from other directions, although I cannot believe that some of the people involved were not aware of the real situation.

On the matter of responsibility it is my firm opinion that the blame lies with the Building Code. In reality our designers have never lost their ability to design, our builders to build soundly, and our inspectors to carry out their work competently; I think they are equal or superior to those in any other province. There will always be a small percentage of problems in these areas, but this is no different to any other function and must be expected. The industry and the public have been failed by the very measures supposedly intended for their protection.

At this time I think everybody must realise that we have a major disaster. It began when energy conservation became a serious issue, due to the oil crisis. One prime source of heat loss was air leakage from heated buildings, and the Building Code addressed this in houses by introducing measures to prevent air escapement, basically attempting to make buildings airtight. Unfortunately this was carried out with a total single-mindedness that took nothing else into consideration. For housing we had vapour barriers, air seals, airtight windows, and this coincided with the introduction of panel type sheathing such as plywood and waferboard. This sheathing replaced the old shiplap boarding, it was more economical, and easier to install; unfortunately the fact that glue lines in plywood and the resin binder in waferboard were impermeable was ignored, whereas shiplap permitted a wall to breathe.

Presently the Building Code basically requires both interior and exterior seals for a wall. We live in an area of high winter humidity, and this factor plus the very large quantity of moisture generated by a normal living process, makes it essential that excess moisture is able to escape, if it is unable to do so, it will condense. With an effective vapour barrier the condensation will occur in the drywall. However, the realities of site construction make a perfect vapour barrier unachievable for all practical purposes, and the vapour penetrates the wall system, where it is trapped by the impermeable outer construction. At this location it condenses and accumulates. Added to this, if and when a building does develop a leak, then this moisture would also be trapped within the wall system. However, I have no doubt whatsoever that

the majority of failures are due to moisture from within the buildings, not leaks. In fact I recall one failure in Sydney, where reconstruction cost about \$300,000; the developer stated that the problem was not leakage, but internal moisture.

To complicate the situation we have the usual attitude of a genuine bureaucracy, and Ottawa most certainly falls into this category. -- it will never ever admit to being wrong. Once a policy is decided, then it will be followed regardless, and if it causes harm, additional measures are added to alleviate the damage being caused. There will never be a reversal of policy to simply remove the factors causing problems, this would be an admission that an error had been made in the first place. Consequently we now have an energy conservation program that is harmful to the occupants of dwelling units, is a total disaster in the climatic conditions of south-western B.C., and will not be changed without direct instructions from our elected politicians.

To make things even worse, people are being put through incredible suffering, watching the biggest investment of their lives fall apart, and being required to take on huge additional debt burdens to correct problems that simply should never have happened. However, what really angers me is that many of these people, rebuilding in good faith, will probably be going through the same exercise again in a few years. They are rebuilding to the same Code requirements responsible for their problems in the first place.

My letter to Mr. Blencoe was acknowledged by the Minister, and a later letter from your Ministry stated that a small task force would investigate my concerns, and asked for details of any occurrences of which I was aware. As I was predicting a future situation a reply was pointless, and I have no idea what happened with any investigation. Mr. Blencoe's letter also stated that the preparation of a new House Code would be a top priority of the Ministry, and this would address my concerns. I found this interesting as I had offered the Ministry a completely new House Code in March 1990, free of charge. This would have remedied the Code problems and would have been ready for use by early 1992; this offer was turned down.

It is unfortunate that my letter generated no action; as I think the situation, which was predictable and inevitable, could have been considerably minimised or even averted by steps taken at that time, or by a new House Building Code. However, I assume that at least some action must have been taken on the strong recommendation made in my letter, that the Ministry obtain some form of indemnity from Ottawa for any troubles which could be attributed to the requirements in the NBC. If for some reason this was not followed up, then we have a provincial headache, which could finally cost our taxpayers several hundred million dollars to fix.

Presently we have a position where the house building industry is being unionised, levies are being imposed on new construction, an additional level of bureaucracy has been created, we even have self-styled "building envelope specialists". In my opinion the new measures actually increase the chances of future

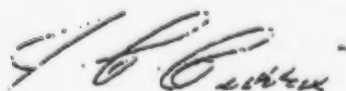
building failures. There is a warranty program in place, provided by insurance firms; this is nice, except that it is said to be conditional on construction to provincial regulations. Unfortunately the first court case which finds the Building Code at fault, will no doubt invalidate the warranties. Making the construction industry a scapegoat also seems to have resulted in an unjustifiable public loss of faith in the industry, leading to a decline in demand for new units.

If the exterior walls are once again made "breathable", it will, in my opinion, save thousands of dollars in housing costs, eliminate the problems now being encountered, including the need for experts like "envelope specialists", eliminate excessive condensation, and eliminate the dangers from pollutants such as radon gas, a hazard which is dangerously overlooked. There is absolutely no reason why modern materials cannot be used to eliminate any problems inherent with old buildings, and still permit the escape of water vapour and pollutants, with only a negligible heat loss.

There is one interesting side to the situation, in that sub-standard construction may have actually prevented problems in many buildings. By this I mean construction which does not comply with the Building Code. I have certainly seen sites in the Victoria area where obvious provisions were taken to open up exterior sheathing, I think this was the result of competent builders knowing that the Code provisions were bad, and competent inspectors turning a blind eye to such transgressions.

For the future I think problems can only escalate each year, and I hope the Ministry will proceed, as a matter of urgency, to make the provincial Code changes necessary to eliminate the problems. There is simply no point in waiting for action by Ottawa, they have long been aware of the Code shortcomings, and have taken no effective action. To alleviate the strain on the people involved there is simply no time for bureaucratic stonewalling.

Yours sincerely,



J.C. Currie FRICS.

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December 12, 1991

The Honourable Robin Blencoe,
Minister of Municipal Affairs, Recreation and Housing,
Parliament Buildings,
Victoria, V8V 1X4

Dear Sir,

While employed by the provincial government as Director of the Building Standards Branch, a position held until retiring in 1988, I became extremely concerned over the direction taken by the National Building Code with respect to house construction; as you know, the NBC with minor changes constitutes the building code for every province in Canada, including British Columbia. I was also Chairman of the provincial Building Code Appeal Board from 1973 until 1990, a position that often necessitated a detailed analysis of specific Code provisions. I feel that the situation is now becoming so serious that I have no alternative but to draw it to your attention; I apologise for the length of this letter, but did not wish to make statements without providing some of the rationale.

My concerns stem from what appears mainly to be a blind pursuit of energy conservation, to the complete exclusion of all else, jeopardizing both the health of occupants and structural integrity; all building codes must compromise, without it buildings could not be erected, unfortunately on this particular issue there is no compromise. I consider that the traditional concept of a house as a building in which average people can afford to live in health and comfort with expectations of a reasonable building life, has been lost; we are moving towards the construction of excessively complex and expensive mausoleums, with a relatively short life. I wrote to Ottawa in 1987, outlining my feelings on the matter and a copy of that letter is attached; there was no response, but I was drawing attention to a deficiency and bureaucracy never accepts that it may have made a mistake. Since that time the 1990 NBC has been published, and is in process of being adopted by British Columbia. From an initial examination of this edition I can only conclude that the situation is becoming worse, in fact it seems to be clearly out of control, and Ottawa is not capable of dealing with the issues. The problem of structural integrity is also

seriously compounded by the climatic conditions prevailing on the west coast, we have high humidity winters, those in central Canada are dry in comparison, although Ottawa must be well aware of this difference as the Code includes the necessary climatic information for design purposes. Bizarre though it may seem I think that our Building Code, produced for the express purpose of protecting health and safety, is actually mandating conditions which are not only detrimental to health but also seriously shorten the life expectancy of a wood-frame house, with the latter condition particularly applicable to B.C. I have also found this feeling regarding the Code to be remarkably widespread, those dealing with the practicalities of construction are well aware that wood simply should not be used as is now required by the Code.

Several years ago we experienced the urea-formaldehyde foam fiasco. As a point of interest this material had previously been submitted for approval on government buildings, through Public Works. At that time it was rejected by myself; the reasons for rejection were definitely not confined to possible formaldehyde gas emissions, it had other very obvious deficiencies. It was therefore something of a surprise when CMHC not only approved its use in houses, but even subsidized installation; had it not been for their actions B.C. would never have experienced the urea insulation problems. The only reason I could reach for the CMHC approval was failure to consider anything other than the specific thermal properties of a dry insulation sample, whereas we also looked at all characteristics including installation and effects on other materials in a system. Basically the approval was a major error, which in total must have cost taxpayers hundreds of millions of dollars. To be extremely charitable the CMHC action did not display an outstanding level of technical judgmental capability.

My reason for mentioning the urea-formaldehyde issue is that I think we are now in a worse situation, and for the same reasons. It is also quite possible that eventually far more costly remedial action will be required, although some health effects are likely to be so insidious that it will be years before they become apparent. Basically we are now building sick houses, but unfortunately the factors leading to the potential problems are not an option for a designer or builder, they are mandated in our Building Code.

As mentioned previously energy conservation is the major justification for many of the questionable measures, but is not the sole culprit. New materials are brought into use, each with benefits over something previously employed; for these it seems that the same philosophy which led to the urea foam disaster is still being followed, with each product being assessed in isolation. As an example, plywood and waferboard have virtually replaced

shiplap for exterior wall sheathing. These are excellent materials for their purpose, easy to install and providing more rigidity to a wall assembly than shiplap; however, unlike shiplap, each product is also a very effective vapor barrier and with their use wall studs are denied the opportunity for necessary continued drying after installation, despite any slight gaps between boards; this is ignored by the Code. The situation is worsened by an interior vapor barrier, installed on the warm side of the insulation, normally polyethylene sheeting. The wall of a house consists of a system involving different materials, and it is simply not possible to have a 100% seal over the entire wall area, edges can be taped, and all possible care taken, but the vapor barrier at some point, at some time, will have defects. Each defect in the film will result in a concentration of moisture at these locations, increasing the moisture content of the wood framing; there is no point in also commenting on the fairly recent discovery that polyethylene was actually failing in service, necessitating a new standard for a higher quality of material; if the vapor barrier was considered critical in the first place this has certainly left an unfortunate legacy for thousands of home owners who faithfully complied with the Building Code.

The current policy generates two problems, relating to health and structural integrity. With respect to health we simply do not know what contaminants are being trapped in our hermetically sealed houses; using radon gas as an example it will be years before cases of lung cancer can be documented to the extent that causes can be pinpointed, although current information clearly indicates a serious hazard. We also know that excessive condensation is fairly common in B.C.; however, the narrow approach followed for materials is also applied to problems, and solutions for humidity range from the installation of dehumidistats or dehumidifiers and the partial air conditioning now required by the Code. There is never an attempt to go back, identify, and correct the condition leading to the problem; as I said earlier, this would be an admission that the wrong direction had been taken in the first place.

In the case of structural integrity I think we have a potential problem with far more obvious results, in fact I am sure that the situation already exists, but will not develop seriously until people start putting together information from different locations, and the media become involved. The problem relates directly to the use of wood in construction; this is a natural material, and as far as nature is concerned wood framing is simply dead wood, subject to the natural mechanisms which break down organic materials. Traditional good construction provided for this situation by installing wood under circumstances which eliminated most of the conditions necessary for destructive organisms; we can modify materials to gain certain benefits but the fundamental properties of the

basic substance remains unchanged, unless the material is essentially poisoned as a food source for these organisms. Without such treatment wood installed in detrimental circumstances can be attacked by fungus, generally two types are involved - wet rot and dry rot; the first is relatively easy to deal with and is, to a limited degree already addressed by the Code, which requires protective measures to prevent wood from being subjected to continuously damp conditions unless treated with a preservative. Under normal circumstances wet rot is reasonably easy to prevent, and to eliminate when it occurs; once the moisture content of the wood is adequately reduced, the fungus will die. However, the Code does not address dry rot which, in my opinion, will be a serious problem in future; this is a particularly destructive fungus, extremely difficult and costly to eradicate. The reason for my belief is very basic - the Code simply ignores the fundamentals which are necessary to ensure a satisfactory service life for wood.

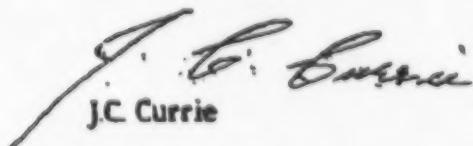
I initially qualified professionally in the U.K. as a Chartered Surveyor, and at that time gained considerable site experience, including trouble-shooting on building failures; in the case of timber it was not uncommon in older buildings to encounter dry rot (*merulius lachrymans*), a fungus requiring humidity and dead air to become established. Once in place it can spread throughout a building to areas of dry wood, feeding on moisture in dry areas by means of mycelium or threads, running from its parent fruiting body. I have heard it referred to as wood cancer. When detected dry rot was never easy to completely eradicate, as the spores easily spread; at that time we normally flame-treated all nearby masonry, cut out and replaced affected wood, treating this and all adjacent areas with an extremely toxic preservative, and we completely eliminated the cause of an outbreak to prevent recurrences. The fungus has been known to travel up to 30 ft. through solid masonry to reach additional wood food sources. In Canada I was pleasantly surprised to encounter no dry rot, but realised that conventional wood-frame construction did not provide a suitable climate for this particular fungus; the use of materials such as permeable siding, and shiplap sheathing, allowed walls to breathe. Basically wood was used in a manner which did not facilitate the establishment of wood-destroying fungi, resulting in structures having an excellent life expectancy, with dry rot being relatively unknown. I would add that if dry rot becomes established in one of the typical wood frame houses common in lower B.C. eradication is liable to be extremely drastic and very costly.

Under the circumstances I found it hard to believe that our Building Code could be moving in a direction which would result in the creation of virtually ideal conditions for this particular fungus; in fact it would be difficult to provide an environment more suitable for this purpose. I drew attention to the issue,

but without success, and as the Code continues to ignore natural processes I feel that those in authority, with responsibility, should be aware of the situation. We are placing wood framing in a system where it is unable to dry out initially, and is almost certain to acquire a higher moisture level when in service; it is also installed in a dead air location. It is critical, both for health and structural life, that the Code direction be reversed, to ensure that a house purchaser can expect not only healthy living conditions, but also a structure that will have a reasonably trouble-free life span. It is more than likely that the IRC will state that the Code is the work of independent committees, not following their directions; to anybody with knowledge of the code writing process this concept would be utterly ridiculous, IRC not only set the direction but provide research advisers for each committee; these advisers are fully responsible for direction and content.

Quite apart from the distress and costs to homeowners it is not unreasonable to anticipate lawsuits if situations develop as I anticipate, in fact I would regard them as inevitable; we are, after all, dealing with the largest purchase in the lifetime of the average person. We are also dealing not with conditions of choice for a house builder, but conditions which are mandated; under the circumstances the result of a legal action is predictable. The federal government must shoulder the major responsibility, but as the NBC is only a recommended standard until adopted, the provinces also acquire liability; similarly there will be liability at municipal level, they are enforcing provisions that many know to be harmful. While it would not protect those who would eventually pay the bill - the taxpayers- I suggest that the province may wish to protect itself from involvement in liability. As the federal government is recommending these measures, they should be quite prepared to indemnify the province and municipal governments from claims incurred through following their recommendations.

Yours sincerely,



J.C. Currie

cc B.C. Building Standards Branch



Richard Kadulski Architect

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July 13, 1999

The Hon. Ms. J. Kwan
Minister of Municipal Affairs
Parliament Buildings,
Victoria, BC

Re: Leaky Condos

I have become aware of Mr. J.C. Currie's recent correspondence to you (May 25, 1999) on this subject. I am concerned about inaccuracies in his letter, and feel compelled to draft this response.

As Mr. Currie refers to his correspondence with Mr. Blencoe in December 1991, I am enclosing a copy of comments I prepared at that time. Although the substance of the piece (and the references cited) could be updated, it remains correct.

In late 1997 I prepared a paper for the Building Policy Branch on the issue of building envelope failures and the code. The paper was posted on the Ministry's web site.

Re: "dry rot"

The writer continues to refer to "dry rot". Forestry biologists say that most of the problems we see in BC is with wet rot. Dry rot is rarely seen here. There is a difference in the action of the two.

Re: Building Code

The writer puts blame for recent problems on the building code. One of the most significant features of the Canadian codes development process is that it is not done behind closed doors by bureaucrats. The National Building Code (NBC) is a model code developed in an open process by committees with representation from all sectors of the industry. All requirements are based on sound building science. Anyone is invited to participate by providing suggestions and commenting on proposed changes - and many do. This has been the process for many years, and many code revision cycles.

Historically, each province has reviewed the content of the NBC each time a revised edition was prepared. In BC we paralleled the national consensus review process, duplicating much of the

national effort without benefit of technical expertise in all matters, and incorporated many BC specific code requirements. If I am not mistaken, Mr. Currie was responsible at the time when the code review process for BC was expanded. If Mr. Currie seriously believes that the fundamentals behind code requirements were at fault, he was in a position to make those comments, and even influence the BC Building code requirements at the time.

In addition, he mentions that all problem references in the media reports were to leaks and poor construction. We need to remember that Building Codes set out minimum standards. Poor construction is not something that can be attributed to code standards, unless the standard itself is incorrect. (While that may happen on occasion, it has never been proven that is the case in the case of the envelope failure problem).

Re: Energy Efficiency at fault

The attempted introduction of energy standards into a code has generated considerable debate in the industry. However, the building envelope air tightening provisions in the code have nothing to do with energy use, but everything to do with basic building science. They were introduced as a result of a better understanding of how buildings work.

Air movement is the force that drives significant amounts of moisture into a structure, where it can lead to deterioration.

It is totally incorrect to state that the "we have an *energy conservation program that is harmful to the occupants of dwelling units*". This is a statement that is without foundation.

Re: Building code requirement for "both interior and exterior seals for a wall".

There is no such requirement in the code. The code requires that vapour diffusion must be contained, and the building envelope must minimize the amount of air movement through it. That is why the code maintains a requirement for a *vapour diffusion retarder*, and for an *air barrier*. These are two distinct functions. The code does not explicitly state how they are to be built. The same materials may provide both functions, or different materials may do the job.

Requirements for mechanical ventilation in the code are meant to address indoor air quality and indoor generated moisture control (both health and safety concerns). Too often, these systems do not perform as intended.

All the evidence points to moisture problems in the envelope as being caused by exterior moisture finding into the building envelope.

Re: "self styled building envelope specialists"

The writer is doing a disservice to many building industry professionals who have spent

considerable time familiarizing themselves with the issues, and upgrading their building science background. The specialization focuses attention on identified problem areas, with the intent of minimizing problems in the future. It should be considered as part of proper, professional design and quality assurance procedures performed by competent industry professionals. If the same level of service had been exercised over the past decade, we would not be facing the situation we are seeing today.

Yours sincerely,



Richard Kadulski, MAIBC

Re. Comments on Changes to B.C. Building Code

Referenced in letter by J.C. Currie to the Minister of Municipal Affairs, dated Dec. 12, 1991

Some of the issues raised by the writer are the writer's opinions, not dealt with or related to the code, and on those we do not wish to comment. (Urea Formaldehyde Insulation (UFFI) was never mentioned in any code). However, there are several technical errors that should be identified and corrected so as not to leave false impressions.

Changes to the code have been made not in pursuit of energy conservation, but rather to address changes in building technology. In most cases the changes are being made because of the recognition that a *house is a system*, greater than the sum of its parts. Houses are becoming more air tight because of changed construction prices, driven by market pressures for more comfortable draft free homes and increased use of panelized materials.

While the code now stresses tighter construction, there are no requirements for air sealing. Conventional housing is not "hermetically sealed". Airtightness tests done in Delta on a range of normal market housing built in accordance to the present code requirements (after the implementation of the 1987 code, to verify the impact of the code,) indicated that on average they had 6 air changes per hour at 50 pascals pressure difference. This is still much looser than the 1.5 air changes required by the R-2000 program. Most infiltration/exfiltration takes place at junctions and penetrations.

"plywood and waferboard...a very effective vapour harrier....are denied the opportunity for necessary continued drying after installation"

"we are placing wood framing in a system where it is unable to dry out initially, and is almost certain to acquire a higher moisture level when in service."

There is no evidence to support the writer's contentions. Numerous studies have been done, over the past few years to determine whether impermeable exterior panels are indeed a cause of moisture problems, and there is no evidence to confirm this hypothesis. In virtually all tests, framing moisture levels over 12-24 months after the house is stabilized at dry conditions (9-12%).

The New Home Warranty Program of B.C. has not had any changes in the incidence of moisture related problems or claims.

Vapour barriers must be used to avoid the diffusion of moisture through the construction. It has been identified that air movement through the building envelope is the major driving force that moves moisture into the construction. Vapour barriers are important, and must be placed on the interior to reduce diffusion. At the same time, an effective *air barrier* reduces the pressures acting on the building envelope, which means that the air barrier must be continuous, while the continuity of the vapour barrier (in the presence of an effective air barrier) is less important.

An effective air barrier and vapour barrier will in fact enhance the durability of the structure.

Excessive condensation is fairly common in B.C.

Condensation is evident even in older houses, especially those that are electrically heated. (Presumably these were built following older building practices and approaches). The cause for this is inadequate ventilation and moisture control. Dehumidifiers are not the solution.

Radon gas inside houses is caused by tight construction.

Radon is a factor that must be considered in some areas, and is determined by local geology. High concentrations in buildings have been observed even in leaky houses. Radon (a ground gas) enters a house through cracks in the foundation. Higher concentrations have been noted in many older houses located in sensitive areas. The remedy for radon is sealing the below grade portion of the house and providing sub-basement ventilation. Monitoring of R-2000 houses has not detected any significant concentrations of radon gas in the tight houses; in fact they were lower than for conventional houses. This issue is being dealt with in the 1990 version of the code.

Airtightness tests of merchant built houses (i.e. not particularly energy efficient) have shown that many houses are already sufficiently tight to warrant special measures to provide fresh ventilation air. A draft position paper prepared by the Technical Research Committee of the Canadian Home Builder's Association states:

The results seem to indicate that a majority of houses being built in Canada using normal construction practices are close enough to being airtight that air leakage through the envelope cannot be relied upon to provide, at all times throughout the heating season, the rate of air change which most authorities judge to be necessary to maintain adequate indoor air quality in normal households.

The code must address the reality that houses are being built tighter, and as there is a greater use of non-forced warm air heating systems, ventilation is not always adequate.

The addition of a requirement for mechanical ventilation in the last revision of the code was the technically correct approach to address the health and safety issue of proper indoor air quality in houses.

At the moment there are no practical approaches to provide passive ventilation in today's houses. Even older houses that were built in an era when houses were very leaky did not have adequate ventilation for occupancy. Passive (or "natural") ventilation does not provide adequate air flows unless the temperature difference between inside and outside is maximum, at which time uncontrolled air movement takes place, thus adding to occupant discomfort, to the point that people do all in their power to plug up the sources of drafts, rendering any possible benefits from the air flow meaningless. During a large portion of the year there is just not enough driving force to adequately ventilate the house to maintain good indoor air quality.

Wet rot is easy to prevent as the writer notes, and this is done by creating conditions that will avoid moisture accumulation in the structure. Occasional wetting of the structure is not a significant problem providing that the wet area has a good opportunity to dry relatively quickly. As the writer observes, dry rot has not been observed to be a problem in B.C. so is not relevant to the discussion.

Exterior and interior sources of moisture can contribute to create conditions for rot.

Usually these conditions are caused by a failure in materials or workmanship.

A discussion could take place regarding the direction that codes are evolving, and how prescriptive or otherwise the codes may be becoming. However, as long as codes identify specific actions that must be taken, they must remain technically correct. A purely performance based code may be possible, but it's a philosophical approach for a different discussion.

References

Many studies have investigated moisture problems in wood frame construction related to the building's tightness and implications on building durability, indoor air quality and structural durability. Some of these include:

Construction Principles to Inhibit Moisture Accumulation In Walls of New Wood Frame Housing in Atlantic Canada 1985, CMHC NHA @855

The Difference Between a Vapour Barrier and an Air Barrier 1985 National Research Council of Canada (NRC) BPN 54

Humidity, Condensation, Ventilation in Houses 1984 NRC, NRCC 23293

Moisture Problems In Houses 1986, NRC CBD 231

Building Science 1990 Joseph Istiburek, study prepared for the US Department of Energy and privately published

Moisture Problems CMHC Builder's Series document

1989 Survey of Airtightness of New, Merchant Builder Houses technical paper by John C Haysom (NRC) and Ross Monsour (CHBA) Indoor Air Quality: IAQ 1990 conference, Toronto

Ventilation and Airtightness of new detached Canadian Housing T. Hamlin, J.C. Forman, M. Lubun, CMHC, 1990

Ontario Wall Drying Project, CMHC

Flair Homes Energy Demo/CHBA Flair Mark XIV Project A series of technical reports of an extensive monitoring program, available from the Building Group, CANMET, EMR Ottawa,



Province of
British Columbia

Ministry of
Municipal Affairs

Parliament Buildings
Victoria
British Columbia
V8W 3E1

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DL-87-70

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December 1, 1987

Mr. J.F. Berndt
Deputy Chairman, ACNBC
Inst. for Research in Construction
National Research Council
Montreal Road
OTTAWA, Ontario
K1A 0R6

[Signature]
Dear Mr. Berndt:

I have for some time been concerned over the direction taken by the National Building Code with respect to energy conservation in houses, and from the content of the current edition feel it could be beneficial for a more open expression of feelings.

Without dispute energy should be conserved. Undoubtedly the vast majority of people are in full agreement, and it is questionable whether any houses are now constructed without thermal insulation, generally at a higher level than required by codes. The reason for my concern is the insistence on airtightness without, in my opinion, adequately considering the effects.

We are dealing with a document which sets minimum standards for health and structural sufficiency. At present, incongruous though it may seem, it may actually be causing health problems, and also be creating the potential for some early structural failures. Basically I feel that in responding to excessive enthusiasm in certain areas, the Code has gone in the wrong direction, and should now take a very definite step backwards.

Page 2 ...

I attach an outline of my rationale, which I have confined to wall construction, and suggest that we consider two options for houses. The first would include the basic requirements, adequate to ensure health and safety. The second, for owners wishing to achieve a higher comfort level such as full or partial air-conditioning, would have the additional steps necessary to prevent such provisions from endangering health.

The second option should not be mandatory, although the current Code content is well on the way to establishing such a situation. A house is a simple structure, a necessity for normal living at an affordable price, we seem to be turning it into a scientific achievement.

At this time we are moving rapidly towards the development of a house building code, a simpler set of requirements for this type of building. It is essential that a clear direction be established on the issue raised before it becomes enshrined in the new document. I would add that the situation has been discussed with others in the industry, and it is fair to say that there is general concern.

Yours very truly,



J.C. Currie, Director
Building Standards Branch
(387-4010)

JCC/cs

J.C. Currie
Building Standards Branch,
B.C.
Dec. 1st. 1987

Airtight Houses

Traditional wood-frame construction placed lumber in a situation favourable to a long life. Wall studs, whether green or relatively dry when installed, dropped to an acceptable moisture level in service through the permeability of wall construction, which allowed the ready passage of water vapour to the exterior. The exterior sheathing of shiplap plus a permeable cladding contributed to a "breathing" system.

Subsequently, the different components have been "improved" through the development of new materials, and new philosophies have changed components, all to improve individual performances in response to perceived needs. With these developments it would seem that sight has been lost of the basic fundamentals which ensured the longevity of a wood-frame structure. We have had the capability of improving and still retaining the advantages, but have dealt with the issues piecemeal, probably in response to special interests, and apparently without regard to the overall situation. The end result seems to be that we are taking steps to correct problems that we ourselves have created.

Currently it is standard practice to use plywood or waferboard sheathing, and this in itself constitutes a vapour barrier, effectively preventing the migration of water vapour to the exterior. It appears to have been assumed that sufficient leakage existed to permit drying of the wood frame, provided that a very effective vapour barrier prevented the further passage of water vapour from the interior. An additional complication is the increasing use of impermeable exterior cladding.

A still further problem is the inclusion of the term "air barrier" in the Code. This is an undefined, nebulous object, interpreted by devotees as anything from permeable Tyvek to a zero perm plastic/rubber asphalt sheet. To say that it is causing confusion would be a considerable understatement, yet I think, as indicated later, that it is a critical factor for a successful wall system.

I contend that this is extremely poor construction. The moisture content of lumber when installed is required by the Code to be 19%

or less, a level classed as "dry" for grading purposes, but I question whether this is ever checked on a building site, and lumber is regularly "green" or even saturated when delivered. With reasonable weather conditions the surface moisture will quickly evaporate, but the framing could be enclosed long before reaching the 19% level. At 20% or more, with the material located within an unventilated space, we have a condition ripe for wood fungus, and I would anticipate that even dry rot, a fungus previously uncommon in wood-frame housing, could become prevalent. It has been suggested that the small gaps required between sheathing panels would permit drying out, but this is unrealistic optimism. The situation is even worse with the apparent failures of polyethylene, generally used for vapour barriers, leaving the interior surface relatively unprotected, but still with an impermeable outer system. I question whether normal lumber will be capable of withstanding the treatment to which it is now subjected.

In the area of ventilation I think we also have a serious problem; there is an obvious need for breathable air, in addition to the air requirements for the usual air using appliances, but airtightness is placing this in jeopardy. For health I assume that an air quality as good as that existing outside is the ultimate achievement for our purposes. The question of comfort factors is irrelevant unless they impinge on health. In the past it has been acceptable to open windows for ventilation, and this, coupled with the usual air leaks has provided a reasonable level of health safety. We have now sealed all the leaks, making a house virtually airtight, and are requiring mechanical ventilation. Whether intended or not we are halfway towards full air-conditioning, and unless we reassess the situation have no alternative but to go the rest of the way, certainly beyond the R2000 standard.

In sealing a house we have prevented the normal action which resulted in the dissemination of contaminants to the outside air, through a permeable structure. Initial problems have included the urea-formaldehyde fiasco, and while this highlighted the issue of contaminant entrapment, the bottom line is that we simply do not know at this time exactly what hazards we are trapping within sealed houses. Minor substances, ignored in the past because people were simply never seriously exposed to them, may now surface as major issues. One which comes readily to mind is radon, written off in the past as a problem only in certain geographical areas, but now being looked at on a continental basis. It may take years for the incidence of lung cancer associated with this substance to show an increase, but by then it could be too late. To guard against this problem will require sealed basements, something not yet addressed in the Code. In effect we have created a potentially hazardous

environment without building in the necessary protective measures. When we seal a house we must assume entrapment of airborne contaminants and remove these mechanically, and must also prevent ground based contaminants from permeating into the house. With these general principles we at least protect occupants to a reasonable degree from future hazards, as yet not understood. However, whatever name we choose to use, we are basically dealing with the air-conditioning of houses, and this is a contentious issue. I do not believe that the Canadian public is ready to accept this as a mandatory requirement, on either philosophical or economical grounds.

I think that the Code should take a very definite step backwards, and accomodate the original fundamentals of wood frame construction. For this purpose I suggest the following:

- (1) If the exterior cladding is impermeable, then require that it be spaced out to ensure rear ventilation.
- (2) Provide a permeable air-barrier, "Tyvek" is ideal for this purpose, over the sheathing. This should be tightly fitted at all openings, to prevent wind penetration into the framing system.
- (3) Sheathing should be at least as permeable as "Tyvek". For this purpose the normal plywoods or waferboard should not be acceptable unless spiked or otherwise treated to ensure adequate permeability.
- (4) Install thermal insulation between the studs in accordance with normal practice, but omit an impermeable vapour barrier. I am unconvinced as to the necessity of a highly impermeable vapour barrier except under extreme cold conditions, and feel that this was a requirement generated mainly in an attempt to solve problems created by the use of an impermeable outer system. With a breathable outer system I would prefer something similar to the old kraft paper on the inside, or even standard painted drywall without a separate vapour barrier.
- (5) Provide make-up air for the interior. We would be removing the worst air leakages by using Tyvek but I think that appliances, such as fireplaces, using air for combustion should have a direct supply from the exterior. I would make no mandatory provision for other air-using appliances, I think there is a sufficient cushion in air availability normally to accomodate these, and there should be the capability of opening windows.

12

I think that mechanical ventilation, heat recovery systems, and the other aspects of full or partial air-conditioning should be an alternative. If followed, this should be complete, including sealing the general structure and basements. These would be comfort provisions for the occupants, but would still require the permeable outer system mentioned above.

Such a system should, however, be a clear option for an owner. They could either build to the minimum standards necessary for health; or, they could exceed these if a higher level of comfort was considered desirable, but still without compromising health.

from the desk of

Louise Kneebone

Dec 31/91

JR

To: Leta Hodge

Re: Letter from Jim Currie concerning
National Building Code

The Minister has asked that this letter be brought to the attention of Gary Harkness for background & a suitable draft response.

Thank you.

Louise

See -
Mr. Harkness to G.H.
Y. H.

Cathy:

I need Branch
comments on this
by Jan 14/92.

A copy is already
being circulated.
Thanks
Jack

Ministry of Municipal Affairs, R
Minister's Office
Room 306
Parliament Buildings
Victoria, British Columbia V8V
Phone: (604) 387-3602 Fax:

GRH/JR

February 19, 1992

File: 14,200

Mr. J.C. Currie
4375 Parkside Crescent
VICTORIA, British Columbia
V8N 2C5

Dear Mr. Currie:

Re: Building Codes and House Construction

Thank you for your letter of December 12, 1991, in which you express your concerns over the direction you feel building codes are taking in Canada.

Your letter raises many points all of which stem from what you say appears to be a "blind pursuit of energy conservation". I agree with you that we should not pursue these or any other goals blindly to the exclusion of all other issues. On this particular subject however, with the continuing depletion of our non-renewable resources being a reality that we all must face, I believe we must look for the balance that conserves our resources while at the same time ensures a healthy and safe living environment. This Government has made a commitment to energy conservation and while we will actively pursue this goal, we will do so while being mindful of the need to balance the scales.

Your second point, which is also related to energy conservation, is the assertion that basic house frame requirements in building codes are, in effect, creating problems by trapping moisture in the framing system. If the results of this will be structural failure as you predict, then there is indeed a problem that needs to be addressed. Your letter indicates to me how seriously you feel about this, and I have therefore requested Ministry staff to investigate this matter at both the provincial and national levels and to advise you of their findings.

It will interest you to know that I intend to assign high priority to creating a separate Code for Housing. The development of such a document, which I hope can begin this year, will be done in an open and fresh manner. This timely project will be an ideal opportunity to review all aspects of house construction including issues such as the ones raised in your letter.

Thank you again for writing. It was very helpful to hear from you directly on these issues.

Yours sincerely,

FEB 19 1992

Robin Blencoe
Minister
JR/cs

#14596/ RB-92-03

File: DL-92-47

Orcs: 155.05 & 280

October 28, 1992

Mr. James C. Currie
4375 Parkside Crescent
VICTORIA, B.C.
V8N 2C5

Dear Sir:

**Re: Potential Moisture Problems
in Framed Wall Assemblies**

I am writing to you regarding your letter of December 12, 1992, addressed to the Honourable Robin Blencoe, Minister of Municipal Affairs, Recreation and Housing, on potential moisture problems in outer wall assemblies.

In your letter you indicated frame wall requirements as mandated by recent building codes are creating conditions that could result in early deterioration of these assemblies due to dry rot. A small task force is investigating this scenario to establish if problems in the field prove your theory. Our interest is confined to problems in dwelling units constructed within the last 6 years as code requirements for the construction of outer wall assemblies have not substantially changed within this period. The buildings should either have experienced dry rot or wall cavity moisture problems or have indications that such conditions could exist.

If you have any record of such occurrences could you please forward copies for inclusion in our investigation.

Yours truly,

Watson J. Smith
Building Standards Officer
Building Standards Branch
(604) 387-4014

WS/cs



National Research Council
Canada

Conseil national de recherches
Canada

Institute for
Research in Construction

Institut de
recherche en construction

NRC - CNRC

The Barrett Commission
Inquiry into the Quality of Condominium Construction

***Scope, Content and Determination of the
National Building Code of Canada and
NRC Response to the Currie Letters***

G. Adaire Chown, B. Arch.
Senior Technical Advisor
Canadian Codes Centre
Institute for Research in Construction
National Research Council Canada

13 January 2000

Scope, Content and Determination of the National Building Code of Canada and NRC Response to the Currie Letters

Introduction

This presentation is in response to a request from the Barrett Commission to provide information on the scope, content and determination of the National Building Code of Canada (NBC), and on NRC's response to the Currie letters (Appendix A). Unless otherwise noted, references to the Code in this paper are references to the NBC.

Scope

The National Building Code of Canada is a model code whose principal objective is to set out requirements and criteria to provide a minimum acceptable level of health and safety for occupants of buildings across Canada. As a model code, the NBC has no legal status unless adopted or adapted by an authority having jurisdiction. Through adoption and adaptation, it serves as the basis for all building regulation in Canada.

The primary health issues addressed in the NBC include sanitation, indoor air quality, indoor temperature and moisture conditions, and protection from noise and vibration. The safety issues addressed include structural safety, fire safety, safety in the normal use of buildings such as provided by guards and handrails, and to a limited extent, safety during construction and demolition. The NBC also provides requirements that address other issues such as accessibility and protection of buildings from fire.

The NBC does not address energy efficiency. The Model National Energy Code for Buildings and the Model National Energy Code for Houses address energy issues. Like the NBC, the Energy Codes have no legal status unless adopted or adapted by an authority having jurisdiction.

The provision of requirements in the identified subject areas does not mean that the NBC addresses each subject in all possible breadth or depth. For example, although protection from noise is addressed, this is only with respect to air-borne noise; the Code does not address impact noise. For some issues, hundreds of provisions are provided; in others, only a few. Nor do the requirements aim to eliminate all degrees of hazard. Such an effort would result in extremely expensive construction. Rather, the requirements are intended to specify the minimum level of protection needed to provide an acceptable level of health and safety.

Bases for Requirements

Criteria specified in the NBC may be based on empirical evidence or science.

The Code recognizes that the real world is the best test laboratory and that current scientific knowledge cannot necessarily explain in detail the extent to which various mechanisms might be at work in any particular situation. Consequently, many Code provisions describe constructions that have demonstrated effective performance over time – whether or not we understand exactly why.

As we learn more about building performance, the requirements of the Code are up-dated to reflect that understanding. Great care must be taken, however, to ensure that scientific evidence is verifiable. Performance as exhibited by a computer model may not, in of itself, be adequate to support a requirement – or the elimination of one.

The Code as a whole, of course, is written by code users: designers, developers, builders, manufacturers, regulatory officials, owners and managers. It is this community at large that decides what the code should address and what levels of performance should be specified in the requirements.

Changes to the Code may be proposed by any interested party to recognize improved knowledge of design or construction, or demonstrated performance of innovations.

Changes are not made without due consideration of the existing provisions, reasons for the proposed change, and evidence that the solution will be appropriate and effective (see Appendix B).

Proposals are subject to review by one of several Standing Committees. These Committees have representation from all regions of the country and all relevant interests. Participation on the Standing Committees is not limited by geography or financial situation since all members' travel expenses are paid. BC has provided significant input to the development of the Code. With reference to the Standing Committee on Housing and Small Buildings and its membership in the period of the development of the 1980 Code to the present, an average of 18% of the members have represented BC.

Proposals are also submitted to general public review (see Appendix C). This provides an opportunity for all interested persons to participate in the code development process.

In the development of the 1995 NBC, over 1,000 changes were proposed and over 4,000 comments were reviewed by the Standing Committees before any decisions were made.

Within the resources available, staff of the Canadian Codes Centre, and research advisors from the Institute for Research in Construction provide technical information to the Standing Committees to assist them in their deliberations. Information is drawn not only from the Institute but from a wide range of Canadian and international sources.

Contents of the NBC

In addition to the technical requirements addressing the subjects outlined previously, the NBC provides:

- general statements of application
- definitions of words and phrases that have special meaning in the context of the Code
- references to climatic information, and
- requirements for design information and design review to indicate compliance with the technical requirements.

The general statements of application, for example, those that define whether a building is subject to Part 5 Environmental Separation or Part 9 Housing and Small Buildings for building envelope design and construction, are based on building size, height and occupancy and thus reflect in general the structural, environmental, occupancy or fire loads that are likely to be imposed on the building.

Performance and Prescriptive Requirements

In its provision of technical requirements, the NBC contains both prescriptive and performance provisions. Even Part 9, which is generally considered to be prescriptive, provides performance requirements. In the context of discussions on the BC condominium failures, numerous comments on the Code have focussed on the prescriptive requirements. In evaluating the adequacy of the Code in addressing any particular concern, the focus should first be on the performance requirements.

Performance Requirements

Until 1980, building envelope requirements for larger buildings were provided in Part 4. At least as early as 1960, Section 4.7 Cladding, provided performance requirements addressing ingress of precipitation. The provisions that are most familiar were virtually unchanged from the 1965 NBC to the 1990 NBC; these are:

4.7.1.4.(1) A junction of components of an exterior surface and a junction of different exterior surfaces of a building shall be constructed to resist the entrance of rain water into the building.

...

(6) Exterior wall cladding shall be so installed that it sheds water to prevent its entry into other components of the building assembly. Where there is a likelihood of some penetration, drainage shall be provided to take the water back to the outside.¹

Of note here is the emphasis on protection from ingress, with drainage only as a second line of defence to recognize that absolute prevention of ingress is difficult given construction tolerances and performance of building assemblies over time.

A Code for Dwelling Construction for Buildings Housing One or Two Families, the predecessor to the Residential Standards and Part 9 of the NBC, was published in 1950. That document states that:

97. General

All exterior wall covering shall be applied in such a way that all sheathing and framing beneath is effectively protected from the weather.²

Although the application of this Code was such that it would not have applied to the BC condominium projects, it is indicative of a general long-standing understanding of the function of cladding.

Again, the more familiar requirement is currently provided as:

9.27.2.1. Required Cladding

1) Exterior walls shall be protected with cladding, including flashing, trim, and other special purpose accessory pieces required for the cladding system being used, to restrict the entry of rain and snow into the wall assembly.³

This provision has remained ~~effectively unchanged~~ since 1975. While the Code requirements related to flashings and sheathing membranes acknowledge that ingress is difficult to prevent, the focus is on controlling ingress of precipitation past the cladding.

It is these performance provisions that state what must be achieved. They must be complied with regardless of whatever other provisions apply. Knowledge of acceptable construction is critical to compliance. The Code does not tell designers, builders, manufacturers or regulators all they need to know to achieve this end. The Code acknowledges the massive amount of information available on building design and construction, and recognizes demonstrated acceptable performance. It does not attempt to serve as a design guide or to describe acceptable construction details.

¹ National Building Code of Canada 1965, Associate Committee on the National Building Code, National Research Council Canada, Ottawa, Third Printing 1967.

² A Code for Dwelling Construction for Buildings Housing One or Two Families, Associate Committee on the National Building Code, National Research Council Canada, Ottawa, 1950.

³ National Building Code of Canada, Canadian Commission on Building and Fire Codes, National Research Council Canada, Ottawa, 1995.

Prescriptive Requirements

Prescriptive requirements state, for some specific materials and components, properties and installations that are consistent with achieving the performance requirements. They are not complete or comprehensive, nor intended to be so.

For simplicity, a set of prescriptive requirements may define a solution that exceeds the required minimum performance in some cases. They are not necessarily finely tuned to loads or functions. In order to ensure that a simple solution will perform in a more demanding situation, it will likely exceed minimum performance levels necessary in less demanding situations.

For example, Sentence 9.29.5.9.(1) specifies that where screws are used to install interior gypsum board on lumber wall studs, the screws must be spaced not more than 300 mm o.c. where the studs are not more than 600 mm o.c., or not more than 400 mm o.c. where the studs are not more than 400 mm o.c.⁴ This number and spacing of screws significantly exceeds what is necessary to simply fasten gypsum board to wood framing in a wall. The requirement recognizes, however, that the gypsum board may be serving a variety of functions such as providing lateral support, racking resistance, fire protection, and support for the airtight element of the air barrier system. The Code could specify different fastening requirements depending on the function or functions served by the gypsum board in various situations. For simplicity, however, only one acceptable solution is described which will address all cases.

Conversely, in reflecting adequate or acceptable construction, prescriptive requirements do not necessarily reflect "best" practice. Consequently, the prescriptive requirements may not be consistent with recommendations presented in the literature.

As noted previously, the Code recognizes the vast amount of information available on building design and construction that has demonstrated acceptable performance. The prescriptive requirements do not attempt to duplicate this information.

At the risk of overstating a point, it has been known for at least 150 years that standard stucco applications should only be used on buildings with overhangs. A preeminent US architect, A.J. Downing, stated that:

... nothing but attention to a few simple rules is necessary to insure success in stuccoing in this country.

The first of these rules is, not to use stucco except upon buildings with projecting roofs, in order to prevent the possibility of the wall getting saturated at the eaves.⁵

⁴ National Building Code of Canada, Canadian Commission on Building and Fire Codes, National Research Council Canada, Ottawa, 1995. Section 9.29. Interior Wall and Ceiling Finishes.

⁵ Downing, A.J. *The Architecture of Country Houses*, Appleton & Co, New York, 1851.

Whenever a design varies from traditional approaches that have demonstrated acceptable performance, the design must be re-evaluated to ensure that an equivalent level of performance will be provided.

The prescriptive requirements do not limit solutions that might be applied in a particular case. Section 2.5. Equivalents states that:

2.5.1.1. Alternative Methods, Appliances, Systems and Equipment Permitted

1) The provisions of this Code are not intended to limit the appropriate use of materials, appliances, systems, equipment, methods of design or construction procedures not specifically described herein.

...

2.5.1.3. Equivalence Demonstrated by Past Performance, Test or Evaluation

1) Materials, appliances, systems, equipment, methods of design or construction procedures not specifically described herein, or which vary from the specific requirements of this Code, are permitted to be used if it can be shown that these alternatives are suitable on the basis of past performance, tests or evaluations.⁶

Such statements have been provided in the NBC since 1970.

NRC Response to the Currie Letters

In addition to specific proposals for changes to the NBC, the Standing Committees also respond to general correspondence. Mr. John Berndt, Deputy Chairman of the Associate Committee on the National Building Code, received correspondence in December 1987 from Mr. Jim Currie, then Director of the BC Building Standards Branch (see Appendix D), and subsequently, in June 1992, Mr. Jim Traynor copied to Mr. Berndt a letter addressed to Mr. Jack Robertson, then Director of the BC Building Standards Branch, referring to correspondence with Mr. Robertson and Mr. Robin Blencoe, Minister of Municipal Affairs, Recreation and Culture, and a letter of 23 December 1991 from Mr. Currie (see Appendix E).

1987 Correspondence

Mr. Currie raised the following concerns in his letter to Mr. Berndt and in the attached paper "Airtight Houses":

1. perceived effects on air- and moisture-tightness of energy conservation requirements in the NBC and consequent jeopardizing of health and structural sufficiency

⁶ National Building Code of Canada, Canadian Commission on Building and Fire Codes, National Research Council Canada, Ottawa, 1995.

2. perceived acceptance of new low vapour-permeance sheathing materials, such as plywood, without consideration of the overall required performance of the assembly
3. lack of definition of the air barrier system in terms of vapour permeance
4. lack of compliance with the requirement for a maximum 19% moisture content in lumber
5. inadequate ventilation as a consequence of sealing the building envelope and possible entrapment of contaminants such as radon

The following comments are offered:

1. Energy Conservation

As noted previously, the NBC does not address energy conservation. The four provincial building codes that are based on the NBC do address energy conservation and differ from the NBC in this regard. Requirements specifying minimum thermal resistance values for insulation were not introduced into the BC Building Code until December 1992 and then only for houses.

The air barrier system and vapour barrier requirements in the NBC are provided to reduce the probability of excessive accumulation of moisture within the building envelope as a result of outward migration of water vapour from the interior. The vapour barrier addresses water vapour transported by vapour diffusion; the air barrier system addresses water vapour transported by air leakage. Requirements for vapour barriers have been included in the NBC since the first edition in 1941; for example:

3.2.16.2 Sheathing. -

...

(g) Other Materials.- ...

When either sheathing or the building paper is highly resistant to the transmission of water vapour, an effective vapour barrier shall be provided between the interior face of the studs and the exposed interior face of the wall.*

*A vapour barrier is desirable whenever the vapour transfer factor of either the sheathing or the building paper is less than 2.0. Such vapour barrier should have a transfer factor not greater than 0.5. The vapour transfer factor is expressed in gm. per 24 hours per square metre per mm. vapour pressure difference.

The evolution of the Code to also include explicit requirements for air barrier systems was not in response to the energy crisis of the early 1970s. Rather, in recognition of building envelope failures, these requirements reflected a better understanding by researchers and practitioners that air leakage is the more significant moisture transfer mechanism. Requirements for air barrier systems first appeared in the 1965 Code.

7 National Building Code, National Research Council Canada, Ottawa, 1941. Note that this requirement and the accompanying note are repeated in several contexts.

2. Moisture Entrapment

Mr. Currie correctly identifies the potential for moisture accumulation in wall assemblies where materials installed toward the exterior have low water vapour permeance. The demonstrated effective performance of wood-frame wall assemblies that comply with all requirements of the Code, however, does not support Mr. Currie's concerns. That is, there is no evidence that assemblies with the required air barrier system and vapour barrier are subject to excessive accumulation of moisture transferred from the interior when plywood or waferboard sheathing is installed.

It is notable that, just as the requirements for vapour barriers have been included in the NBC since 1941, plywood was also recognized in the 1941 Code. While the NBC permits materials such as plywood, waferboard and oriented strandboard (OSB) as sheathing materials, it does not require their installation. That is, the assembly recommended by Mr. Currie using shiplap sheathing is also permitted by the Code.

3. Permeance of Materials in the Air Barrier System

As noted previously, the Code assumes an understanding of good construction practice. The Code permits flexibility in the design of building envelope assemblies including the location of the airtight elements of the air barrier system. The vapour permeance of materials in the air barrier system is of concern only where these materials are installed toward the colder side of the assembly. The Code provides no requirements that would preclude installation of these materials on the warm side of the assembly. For clarification, this issue was addressed in any case in the 1990 NBC and additional explanatory information was included in the Appendix to the Code.

4. Moisture Content of Lumber

Mr. Currie raises valid concerns related to lack of compliance with the limit on moisture content of lumber. If climatic and industry conditions are such that wood frame walls must be finished before the moisture content can be reduced to 19%, the Code requires that an alternative construction be used.

5. Ventilation

The issues raised by Mr. Currie with respect to ventilation do not relate to deterioration of the building envelope and are thus not discussed here.

Mr. Currie provides recommendations for what he considers to be an appropriate wood-frame wall construction. Although there is no evidence that such an assembly is required in order to provide an acceptable level of performance, there are no provisions in the Code that would preclude the construction he suggests.

Mr. Currie's correspondence was provided to the Standing Committee on Houses and Small Buildings for its consideration, and was reviewed at the Committee's Thirty-Fifth Meeting, 12 to 14 April 1988. The Minutes record that:

... some of Mr. Currie's concerns may be partially satisfied by the proposed revisions to [NBC Section] 9.26. and [Subsection] 9.33.3. and the accompanying appendix notes. It was further noted that a fairly leaky house can still be built under existing NBC requirements so that the options suggested presently exist. It was therefore agreed that no action be taken. '

(See Appendix F.)

The referenced change to Section 9.26., Section 9.25. in the 1990 and 1995 editions, related to a provision addressing the location of air barrier system materials with low vapour permeance. The changes to Subsection 9.33.3., Subsection 9.32.3. in the 1990 NBC, related to ventilation and do not pertain to the issue of deterioration.

1991 - 1992 Correspondence

The 1991-1992 correspondence largely reiterates the concerns expressed by Mr. Currie in his 1987 letter. This correspondence was forwarded to the Standing Committee on Housing and Small Buildings and was reviewed at its Forty First Meeting, held 16 and 17 November 1992. The Minutes record that:

The Standing Committee agreed that, given

- the inventory of buildings constructed according to the Code which do not evidence problems of moisture entrapment
- the limited amount of technical detail provided by Mr. Traynor on the cases he mentions
- the requirement to use dry lumber
- the scope of the Building Code which does not address the building process, and thus any wetting of wood components that may occur during that construction period

it would be difficult, without further documentation of problems with Code-conforming buildings, to recommend any changes to the Code requirements. '

(See Appendix G).

In other words, and as described in the Guidelines for Proposing Changes provided in Appendix C, the Standing Committees cannot respond to opinions that are not substantiated by solid technical documentation.

8 Minutes of the Thirty-Fifth Meeting of the Standing Committee on Housing and Small Buildings - 12 to 14 April 1988, Ottawa, 1988.

9 Minutes of the Forty First Meeting of the Standing Committee on Housing and Small Buildings - 16 and 17 November 1992, Ottawa, 1992.

Summary

In the context of the review of the premature failures of condominiums in BC, it should be noted that Mr. Currie's concerns focus on the control of moisture transfer from interior space into wall assemblies. All evidence pertaining to the BC condominium failures indicates that the source of moisture that has caused those failures is precipitation entering from the exterior. As noted previously, the NBC, since the beginning, has included requirements to address precipitation ingress. Furthermore, the evidence indicates that the volumes of water that have entered the failed wall assemblies are of such a magnitude that no degree of air or vapour permeance would be adequate to permit dissipation before the onset of deterioration.

Concluding Comments

The National Building Code is a living document written, in effect and in fact, by designers, developers, builders, manufacturers, regulatory officials, owners and managers, for the use of those same interests and all building users in all regions of Canada. Knowledgeable representatives from BC have actively participated in the development of the NBC — an on-going and open process to respond to the needs of building users and the Code-using community, and also to on-going technological development and innovation in design and construction. Had additional provisions been necessary to address particular conditions in BC, proposals would undoubtedly have been brought forward and addressed.

0613 952-4040

NRC Canadian Codes Centr

00/02/07 14:00 P.001/006

National Research Council
CanadaConseil national de recherches
CanadaInstitute for
Research in ConstructionInstitut de
recherche en construction**NRC - CNRC**

TO/Destinataire : Tom Sinclair Barrett Commission	FAX : 604-844-1888 Tel/tél :
FROM/Expéditeur : John C. Haysom, P. Eng. Canadian Codes Centre - Centre canadien des codes NRC - CNRC Ottawa, Canada, K1A 0R6	No. of Pages: 6 Nombre de pages: Date: February 7, 2000 FAX : (613) 952-4040 Tel./tél. : (613) 993-0043

Message:

Mr. Sinclair:

Enclosed are the following:

- Extracts from the two meetings of the Standing Committee on Housing and Small Buildings you are interested in showing the members present and absent. I have put an arrow beside the BC members.
- Extracts from the current membership of the Standing Committee on Houses giving the coordinates of all the BC members indicated in the minute extracts except for Dave Verge, whose coordinates I believe you already have.

DOCUFAX

Associate Committee on the
NATIONAL BUILDING CODE
National Research Council
Canada

MINUTES OF THE THIRTY-FIFTH MEETING
OF THE
STANDING COMMITTEE ON HOUSING AND SMALL BUILDINGS

Held on 12, 13 and 15 April 1986 in Room 1147 of the Herzberg Institute, 100
Sussex Drive, Ottawa, Ontario.

Members present:¹

E.I. (Easton) Lexier (<i>Chairman</i>)	G.D. (George) Shortreed
R.A. (Bob) Etherington	P.L. (Peter) Southwell
→ A. (Terry) Hale	J. (John) Timusk
K. (Ken) Harris	A.L. (Al) Treppel
G. (Guy) Harvey	G.L. (Gordon) Walt
J.-C. (Jean-Claude) Havard	J.S. (Jim) Yamashita
E.D. (Eric) Jones	D.C. (Dave) Verge ←
O.I. (Oleg) Luciw	
B. (Bruno) Nantel	R.P. (Bob) Bowen (<i>Technical Advisor</i>)
A.W. (Andy) Nytepchuk	R.J. (Richard) Desserud (<i>Technical Advisor</i>)
V.A. (Vincent) Presseau	L. P. Saint-Martin (<i>Technical Secretary</i>)
W. (Wayne) Purchase	A. Warnock (<i>IRC, Acoustics Section</i>)

Members absent:

A.W. (Bim) McIntyre
W.J. (Will) Phillips

Visitors making a presentation:

H. Vokey, Forintek, Ottawa

Observers:

B. Charest, CGSB, Ottawa
J. Deutekom, CGSB, Ottawa
J. Haysom, Scanada Consultants, Ottawa
R. A. Hewett (IRC, Codes Section)
P. Russell, CMHC, Ottawa

¹ A list of members, showing title and affiliation is included in the Appendix, pages 1 to 3.

Canadian Commission on Building and Fire Codes
National Research Council
Canada

MINUTES OF THE FORTY-FIRST MEETING
OF THE
STANDING COMMITTEE ON HOUSING AND SMALL BUILDINGS

Held on November 16 and 17, 1992 in the Conference Room, 1st floor, of
Building M-20, National Research Council, Montreal Road, Ottawa, Ontario.

MEMBERS PRESENT*

→ Mr. W. (Wayne) Purchase (Chairman)
Mr. S.T. (Steve) Gertsman
M. J.-C. (Jean-Claude) Havard
Mr. E.D. (Eric) Jones
Mr. L.T. (Lewis) Nakatsui
Mr. K. (Ken) Rauch
Mr. R.J. (Robert) Sloat (1st day)
Mr. J.S. (Jim) Yamashita

Dr. M.B. (Margaret) Ellison
Mr. T.A. (Terry) Hale ←
M. C. (Claude) Héroux
Mr. O.I. (Oleg) Luciw
Mr. A.W. (Andy) Nytepchuk
Mr. G.D. (George) Shortreed
Mr. R. (Richard) Stewart ←

Ms. G.A. (Aidaire) Chown (Technical
Advisor)
M. M. (Michel) Lacroix (Technical
Secretary)

Mr. J.C. (John) Haysom (Technical
Advisor)

MEMBERS ABSENT

Dr. S.A. (Sherif) Barakat (Research
Advisor)
Mr. P.E. (Pierre) Dumouchel
M. J.-M. (Jean-Marie) Rousseau
→ Mr. D.C. (David) Verge

Mr. J.E. (Edward) Burns
Mr. G. (Gary) Proskiw
Mr. J. (John) Timusk

* A complete list of the membership of the Standing Committee showing title and affiliation is attached as Appendix A.

FAX

Ministry of Social Development and Economic Security
Building Policy Section
6 th Floor, 800 Johnson Street, Victoria, B.C. V8V 1X4
Fax 387-5120

Robyn

We are transmitting 3 page(s) including cover sheet.

TO:	Tom Sinclair, Barrett Commission	
	(604) 844-1888	
	DATE: Dec. 6, 1999	
	FROM: NAME: Lyle Kuhnert	
	(Telephone) 387-9182	
URGENT: _____		CONFIDENTIAL: _____
CONFIRM RECEIPT: _____		

RECEIVED
DEC 07 1999
MINISTRY OF ATTORNEY GENERAL

Good afternoon Tom

Attached is list of BC's representation on Part 9, Part 5 NRC Standing Committees
Please call if you need further clarification or info.

Cheers
Lyle

Haysom, John, 03:39 PM 12/6/1999 -0500, RE: intent statements, standing committee membership

Date: Mon, 06 Dec 1999 15:39:37 -0500
From: "Haysom, John" <John.Haysom@nrc.ca>
Subject: RE: intent statements, standing committee memberships
To: "Lyle Kuhnert" <lkuhnert@hq.marh.gov.bc.ca>
X-Mailer: Internet Mail Service (5.5.2448.0)

Hi Lyle:

Intent analyses are on their way by FAX. I assumed you have the same FAX number as Bob.

Current BC members on Standing Committee on Environmental Separation:

Mr. G. F. Johnson
Senior Technical Advisor
Project Development Group
British Columbia Buildings Corporation
3350 Douglas Street
Victoria, BC
V8Z 3L1
250-952-8635

Mr. D. C. Verge
President
Verge & Associates Consultants
101 - 1470 Pennyfarthing Lane
Vancouver, British Columbia
V7J 4Y2
604-732-7879

Mr. D. L. Watts, P. Eng., MAIBC, MRAIC
Building Envelope Specialist
City of Vancouver
Community Services
City Hall
453 W 12th Avenue
Vancouver, British Columbia
V5Y 1V4
604-871-6051

Current BC members on Standing Committee on Houses:

Mr. S. T. Gertsman, P. Eng.
Building Technology & Code Consultant
Sheltertech Services Inc.
6000 Barnard Drive, Unit 29
Richmond, British Columbia
V7C 5P7
604-313-8291

Haysom, John, 03:39 PM 12/6/1999 -0500, RE: Intent statements, standing committee membership

Mr. T. A. Hale
T. Hale Architect Cororation
1397 Riverside Drive
North Vancouver, British Columbia
V7H 1V6
604-929-1325

Dr. Y. H. Chui, PhD., P. Eng. FIWSc
Forintek Canada Corp.
2665 East Mall
Vancouver, British Columbia
V6T 1W5

Mr. R. Maling
Director of Licensing and Registrar
Homeowner Protection Office
P.O. Box 11132 Royal Centre
Suite 2270 - 1055 West Georgia Street
Vancouver, British Columbia
V6E 3P3
604-646-7067

Mr. R. Stewart
Stewart Communications
222 Sorento Drive
Coquitlam, British Columbia
V3K 6H6
604-729-0097

John C. Haysom, P. Eng.
Unit Head, Buildings & Services
Canadian Codes Centre
Institute for Research in Construction
National Research Council
telephone: 613-993-0043
fax: 613-952-4040
email: john.haysom@nrc.ca <<mailto:john.haysom@nrc.ca>>

—Original Message—

From: Lyle Kuhnert [<mailto:lkuhnert@hq.marh.gov.bc.ca>]
Sent: Monday, December 06, 1999 2:16 PM
To: John.Haysom@nrc.ca
Subject: intent statements, standing committee memberships

Hello John,



303 East Wacker Drive
Chicago, IL 60601-5212

January 6, 2000

Ms. Robyn Allan
Economic & Financial Advisor
The Barrett Commission
Suite 530 - 999 Canada Place
Vancouver, British Columbia V6C 3E1

By Facsimile: Kris Chen 604 662-7511

Dear Robyn:

This is in response to your two separate facsimiles of December 13th in which you raised certain questions regarding our actuarial reports. For ease of reference, I have included your questions below as well as my responses.

Q. I am forwarding to you today a copy of notes from the 1998 Financial Statements which refer to your report and would like you to advise as to whether or not you concur with the substance and content, and whether or not you knew your report was going to be utilized in this manner. Do you recall discussing your report directly with the auditor? If so, what was the nature of that conversation(s).

A. My comments refer to note number 9 from the Program's 1998 Financial Statements. As to the substance and content, we disagree with the phrase "KPMG concluded that the recorded funding level of \$18.9 million was reasonably stated." To be accurate, our report stated that "the funding level of \$18.9 million is sufficient to meet the indicated liabilities of \$17.9 million".

We did not know that our report dated March 1999 was going to be referenced in the 1998 Financial Statements until after we completed the report and delivered it to the client. We did not discuss the content or substance of our report directly with the Program's auditors. We

LEASK
Ms. Robyn Allan
Economic & Financial Advisor
Page 2
January 6, 2000

discussed only the inclusion of our conclusion statement and requested that the second paragraph (as to referring to the full report for complete information) be included.

- Q. *Would you please provide me in writing why you were requested to exclude water seepage problems and soil expansion problems from your 1997 report? Does this mean that some claims were excluded from the analysis?***
- A.** We were not requested to exclude water seepage and soil expansion problems from our 1997 report. To the extent that these claims were included in the data sent to us by the Program, they were also included in our estimates.
- Q. *Please confirm that you were explicitly requested to examine claims liabilities from 1990 forward, and not to include claims for enrollment periods prior to 1990 in either the February 1997 and August 1998 funding reports. Please explain how these claims were brought to your attention for the March 1999 report and how the estimate of \$3.8 million was arrived at (i.e. Claims in Litigation).***
- A.** We were not requested to exclude pre-1990 claims for either report. The data we received from the Program was for policy periods 1990 and subsequent. As part of our discussions with management, we inquired as to claims for enrollment periods prior to 1990. The reply was that, since there was only a five-year warranty for those periods, all of the warranties provided for enrollment periods prior to 1990 already had expired. We assumed that there was no remaining liability for enrollment periods prior to 1990.

For the March 1999 report, we became aware of a category of claims referred to as "claims in litigation". We asked for and received a listing of these claims with an estimate by the Program's attorney of the likely ultimate cost of these claims to the Program. Of the 23 "occurrences" (multiple claims of the same nature and housing project were combined), five were claims for enrollment periods prior to 1990. We accepted the Program's estimate of \$2.7 million as the ultimate cost of these claims

MEMO
Ms. Robyn Allan
Economic & Financial Advisor
Page 3
January 6, 2000

and included them in our final reserve estimate under the category "claims in litigation".

The remaining 18 occurrences were for enrollment periods 1990 and subsequent. These claims were of such size as to be atypical of the claims contained in the historical data underlying our funding level projections. Based on an examination of each claim and our own judgment, we estimated that approximately \$1.1 million should be added to our final reserve estimates for these unusual claims. This amount was included in the category of "claims in litigation".

Q. *Further to my letter sent earlier today, could you please explain the difference between Exhibit 9, Page 1 of 7 in your August 30, 1998 report and Exhibit 16, Page 1 of 3 in your March 30, 1999 report. I would have thought that these tables would be the ones that would explain the claims history of leaky condos, and therefore, I wonder how the claims numbers to August 1998, amounts paid and average cumulative paid could be so different.*

A. Exhibit 9, Page 1 of our 1998 report included all claims classed by the Program as "leaky-condo." This included single family dwellings (homes) as well as claims for individual condo units. The claims information in Exhibit 16, page 1 of our 1999 report did not include all claims classed by the Program as "leaky condos". As explained in Section 2, page 7 of our 1999 report:

By far the majority of the leaky condo claims, both in number and amount, are for the common property area of multi-unit condominiums. Because these claims are unique to the experience of NHW, we have analyzed them separately. Leaky condo claims for the condo units themselves are few in number and show an average cost similar to that of the non-leaky condo claims. They are included with their appropriate category.

Q. *As well, since your August 1998 report included claims experience to November 1998 for leaky condo claims, how did the numbers increase so dramatically from December 1998 to March 1999, i.e. in a four-month period?*

~~SECRET~~
Ms. Robyn Allan
Economic & Financial Advisor
Page 4
January 6, 2000

- A. In our August 1998 report, our assumptions regarding the average value of a leaky condo claim as well as the expected number of claims yet to be reported were based on the available historical data at that point in time. Prior to finalizing our report, we also received additional leaky condo data through November of 1998. We took into account the trends we observed in the number of paid claims, the average cumulative paid amounts, and the average incremental paid amounts (the average paid amount in each time period observed). Based on discussions with the Program's management, there was no evidence at that time that the claims "in progress" (i.e., reported but not yet paid) were significantly different from those in the historical data.

In our March 1999 report, there were two contributing factors to the increase in our estimates. The first was the more than two-fold increase in the average paid leaky condo claim for claims paid in the December 1998 to March 1999 time period compared to those paid in the August to November 1998 period. This increase was also greater than we had assumed in our estimates in the August 1998 report. Management informed us that the claims "in progress" at the time of our August 1998 report had been settled for amounts far in excess of what had been expected. Although the reasons for the increase were not clear, management informed us that the publicity surrounding leaky condos had led to greater "discovery" efforts by the condo associations. For example, whereas in earlier claims a single corner or wall had been repaired, associations were now "invading" other areas of the condo to seek out leakage that ordinarily might not have manifested itself for several more years. Historically, such claims might not have been discovered until after the warranty had elapsed. As a result of the new data as well as our discussions with management, we assumed that the higher claim costs would continue.

The second factor was an increase in our estimated number of future claims yet to be paid. The publicity surrounding the insolvency of the Program was expected to lead to claim reporting levels higher than that indicated by the historical experience. In addition, a backlog of uninvestigated claims had built up in the preceding six months. Although

KPMG
Ms. Robyn Allan
Economic & Financial Advisor
Page 5
January 6, 2000

Investigation of these claims was not possible at the time of our report, the Program's management reviewed what information was available and made a preliminary classification of these claims into valid versus non-valid and leaky condo versus non-leaky condo claims. Based on this additional information, we increased our estimates of future claims yet to be paid.

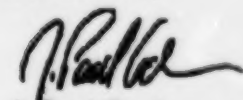
Q. Also, please explain briefly why the claims estimates (for example the low estimate went from \$6,324,300 using data to November 1998 to \$19,982,088 using data to March 1999 leading to an increase of \$13,597,788) increased so substantially with only four more months of experience.

A. Please see our previous answer above.

I trust that the above answers your questions.

Sincerely,

KPMG LLP



J. Paul Cochran
Manager

JPC/mmb

May 26, 1999

Mr. Jim Lynch
General Manager - BC and Yukon Region
Canada Mortgage and Housing Corporation
Suite 400 - 2600 Granville Street
Vancouver, BC V6H 3V7

CONFIDENTIAL
CUT Y

Dear Mr. Lynch:

RE: FORECLOSURES ON LEAKY CONDOMINIUMS

Thank you and your staff for taking the time to meet with us on May 5, 1999. As discussed, on March 30, 1999, *New Home Warranty of British Columbia Inc.* ("NHW") filed a Notice of Intention to File a Proposal ("the Proposal") to all its creditors, pursuant to the procedures of the *Bankruptcy and Insolvency Act*. As a result of this process, *KPMG* has been appointed as trustee of *NHW* to monitor its affairs. *NHW* has until June 11, 1999 to file the proposal, subject to any extensions that may be ordered by the Court.

The proposal must consider a number of crucial items and concerns, which include current liabilities and future liabilities. The greatest liabilities pertain to existing and future residential construction warranty claims in British Columbia and Yukon. *NHW* is exploring all reasonable alternatives to enhance the position of its creditors, which includes homeowners.

As discussed, some of the housing units that are covered by *NHW* are also covered by *CMHC*. From our preliminary review of the situation, it is very likely that *NHW*'s inability to respond normally to homeowners' complaints will affect *CMHC*. Although the number and addresses of specific units that are jointly covered by *CMHC* and *NHW* is not known, hopefully this can be determined shortly.

.../2

Mr. Jim Lynch
General Manager - BC and Yukon Region
Canada Mortgage and Housing Corporation

Page Two
May 26, 1999

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COPY

Due to *NHW's* current position and the magnitude of the leaky condominium situation in the coastal areas of British Columbia, the number of mortgage foreclosures on housing will likely now escalate. This undoubtedly would be a concern to all in the industry, and especially to *CMHC*. Not only would greater risk exposures likely exist for *CMHC*, but also the following would result:

1. additional legal and staff costs, in order to deal with increased foreclosures and building failures;
2. special assessments for repairs and other costs in the thousands of dollars would be made against *CMHC*, as owner of foreclosed properties;
3. negative perception by purchasers and consumers, of lenders and mortgage insurers, for their involvement with leaky condominium buildings;
4. the lenders' perception of the mortgage insurer with respect to its role and possible losses in leaky condominium buildings;
5. increased foreclosures negatively affecting the housing market; and
6. some consumers and other parties may look toward *CMHC* as a direct participant and contributor to resolve housing failures.

As mentioned at our meeting, we have considered the purchaser who has limited equity in a new home and learns that the building is a leaky condominium. The strata corporation issues a special assessment in the amount of \$25,000 per unit. The purchaser elects to forego the principal invested, since it is considerably less than the \$25,000 assessment. The purchaser turns in the keys, or worse, just declines to pay the mortgage. Foreclosure proceedings result, which are expensive and take months to complete, during which time no mortgage revenues are collected. In addition to these expenses are the associated carrying costs and marketing costs, such as utilities, insurance, strata fees, realtors' fees, and final conveyance costs. Eventually, an Order Nisi/Foreclosure is granted, and the mortgage lender/insurer has control of the unit, and also becomes responsible for the \$25,000 assessment. Further, costs are likely to escalate if additional assessments are deemed necessary for more repairs and/or if a legal recovery action is commenced. Such legal actions would likely include a myriad of responsible parties, and could possibly include the lender/mortgage insurer.

.../3

Mr. Jim Lynch
General Manager - BC and Yukon Region
Canada Mortgage and Housing Corporation

Page Three
May 26, 1999

Once the repairs are underway or completed, the unit is offered for sale; however, due to the current market conditions and the taint that the project suffered as a leaky condominium, price reductions are required. Prior cases argued that a 10-30% discount on the original sale price may not be unrealistic.

Also, the emotional and financial price paid by homeowners as they go through foreclosure, and possible bankruptcy, should not be forgotten.

All totaled, the costs expended could be in the magnitude of \$65,500 per unit. Such a loss on a few units may be manageable, however, if the number of units is in the hundreds or thousands, losses could be financially crippling. The table in the attached Appendix demonstrates the potential losses, as well as illustrates a strong business case to avoid this process, as well as ultimately save the mortgage insurance fund money.

Hopefully, foreclosure actions against owners of leaky condominiums can be minimized and, if possible, averted. However, failing to avoid foreclosure will undoubtedly result in greater hardship for all involved. We would suggest that some avenues a mortgage insurer could explore are as follows:

1. Contribute to those repairs of faulty condominium complexes.
2. Encourage other parties to contribute to some extent or to match the portion of the funds contributed by the mortgage insurer.
3. Insist on a replacement warranty by another Warranty Provider for buildings currently under construction and for sale. (We understand you are allowing projects to proceed with only *NHW* coverage in place.)
4. Consider financial incentives for builders and developers, or owners/strata corporations, to provide replacement warranties on all housing product currently carrying *NHW* warranties.

We strongly suggest that you consider these alternatives, as minimizing exposure (financial, industry, and public perception) will have considerable benefits.

.../4

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COPY

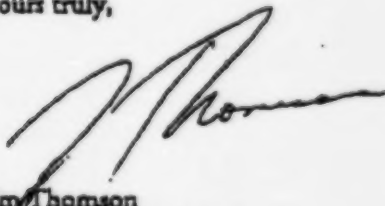
Mr. Jim Lynch
General Manager - BC and Yukon Region
Canada Mortgage and Housing Corporation

Page Four
May 26, 1999

Further, we respectfully request that you pursue immediate action, which will save the mortgage insurance fund money, save the homeowners unnecessary hardship, and address and be seen as pro-active action to avoid further destabilization of an industry. Also, we would welcome the opportunity to meet with you again, to discuss the matter further, as well as possible solutions.

Your comments on the foregoing would be appreciated.

Yours truly,



Jim Thomson
Chairman of the Board

RM:ra
Attachment

CONFIDENTIAL
COPY

Note to file re meeting attendees:

- Nelson Moritz, Jeff Louks, Larry Doherty, Canada Mortgage and Housing Corporation
- Bob Ruks, RPMG
- Bob Kuhn, Kuhn & Company
- Fred McCreath, MH Financial Consultants Ltd.
- Ralph Moons, Jim Thomson, New Home Warranty of British Columbia Inc.

Appendix

I FORECLOSURE

A) Foreclosure Costs per Unit:

- Special Assessments \$ 25,000 (or more)
- Lost Mortgage Payments 6,000
- Legal Costs of Foreclosure * 2,500
- Carrying Costs 1,500
(utilities, property taxes, insurance, etcetera)
- Monthly Strata Assessments / Taxes 1,000
- Additional Staff Time 2,000
- Reduction in Sale Price 20,000
- Real Estate Commission / Miscellaneous 7,500

TOTAL: \$ 65,500

* \$2,500 if uncontested; increase dramatically if opposed

- i) Foreclosure of a 100 Strata Units: 100 units X \$65,500 = \$ 6,550,000
- ii) Foreclosure of 500 Strata Units: 500 units X \$65,500 = \$ 32,750,000
- iii) Foreclosure of 1,000 Strata Units: 1,000 units X \$65,500 = \$ 65,500,000

II ALTERNATIVE TO FORECLOSURE

A) Contribute to repair costs on a formula to be agreed upon (say 100% of first \$12,500; 50% of special assessment):

- i) Repair of a 100 Strata Units: 100 units X \$12,500 = \$ 1,250,000
- ii) Repair of 500 Strata Units: 500 units X \$12,500 = \$ 6,250,000
- iii) Repair of 1,000 Strata Units: 1,000 units X \$12,500 = \$ 12,500,000

B) Ensure any unsold units have replacement warranty coverage (say ± \$600 per unit):

- i) Replacement Warranty Coverage of a 100 Strata Units:
100 units X \$600 = \$ 60,000
- ii) Replacement Warranty Coverage of 500 Strata Units:
500 units X \$600 = \$ 350,000
- iii) Replacement Warranty Coverage of 1,000 Strata Units:
1,000 units X \$600 = \$ 600,000

May 26, 1999

CONFIDENTIAL
CUR-Y

COPY

October 19, 1995

Mr. Andre Molnar
Molnar Construction Ltd.
1650 West 2nd Avenue
Vancouver, B.C.
V6J 4R3

via Courier

Dear Andre:

Pursuant to our discussion, I have enclosed herewith the only document in our Corporate files relating to a personal undertaking or guarantee given by you to New Home Warranty.

The document referred to above is the original, and bears the original signatures.

New Home Warranty has no other personal guarantee in its possessions, either original or copy, and in respect of that, I can give you assurance that New Home Warranty will not proceed with any legal action, of any kind, against you personally or your family estate on the contracts (agreement with Builder) entered into between New Home Warranty and the several "Molnar" style incorporated Companies, presently or previously registered.

The assurance contained herein does not extend to future agreements which might, out of business conditions, necessitate guarantees of some description. The future however is not at issue here.

Andre, I trust that this document will provide you the personal comfort you expect.

Yours truly,

David C. Verge,
President & C.E.O.

c.c. Molnar Corporate files

~~Ralph Moore, G.M. Corporate Technical Services~~

Brian S. Henderson, C.A.

*Incorporated Professional

December 10, 1999

A. Scott Kjellbotn, C.A.

*Incorporated Professional

The Barrett Commission,
Suite 530 - 999 Canada Place
Vancouver, B.C.,
V6E 3E1

Rsq D. McKelvey, C.A.

*Incorporated Professional

Attention: Robyn Allan

Kev Robinson, C.A.

*Incorporated Professional

Dear Robyn:

RE: New Home Warranty of British Columbia Inc.

Dorelli J. Enchasser, C.A.

*Incorporated Professional

Please find following answers to the questions asked of us by you (with the clarifications you recently sent to us on December 9, 1999):

1. We were not aware that the New Home Warranty of British Columbia Inc. (NHW) ever experienced significant losses with respect to the failure of registered builders to enroll homes that should have been enrolled with NHW.
2. The note pertaining to the average enrollment fee (for example \$284 in note 1 of the 1998 financial statements) was specifically related to the limited 5 year warranty and did not include any fees received pertaining to the extended 6th to 10th year warranty or the limited 10 year warranty.
3. The notes to the financial statements are the representations of the management of NHW. The notes were typically updated by the NHW and then were jointly reviewed by us and the administration at a meeting. At that meeting we would normally propose additional note disclosure if we felt additional disclosure depending on the circumstances. The administration referred to would normally be the accountant and president of NHW.
4. Representations presented to us by NHW relating to legal actions for the fiscal year ended February 28, 1998 indicated the following:
 - Total maximum action amounts which could be estimated by NHW in which they were the defendants \$3,790,000.
 - Total maximum action amounts which could be estimated by NHW in which they were the plaintiffs \$2,548,000.
 - Total estimated exposure by NHW with respect to actions in which they were the defendants \$430,000. Total estimated recovery in actions in which they were the plaintiffs was \$100,000. In almost all of the above mentioned actions in which NHW were the defendants the NHW had served third party notices to recoup funds if they were held liable for warranty coverage. Also there was no accounting for any recovery of losses from the letters of credit or cash security deposits held by NHW regarding the above.

Due to the inability to adequately determine the extent or likelihood of any gains or losses on these complex actions it was decided not to record any of the potential losses or gains and to note this policy on the financial statements in a contingent liability note which was consistent with the policy of the prior year. Information presented to us indicated the Board of Directors was updated in reports issued to them by their legal counsel with respect to all legal actions involving NHW.

HENSHAW
KJELLBOTN
McKINLEY

Suite 214

7565 - 132nd Street,

Surrey, B.C. Canada

V3W 1K3

Tel: (604) 591-7191

Fax: (604) 591-5725

khw@hc.sydnet.net.ca

Page 1 of 3

Chartered
Accountants

HENSHAW, KJELLBOTN & MCKINLEY

Page 2 of 3

The Barrett Commission,
RE: New Home Warranty of British Columbia Inc.
December 10, 1999

5. As you mentioned, there were two types of "security deposits" that NHW received based upon an analysis of the builder's technical and financial status. The NHW would assess the amount of security that it required based upon various criteria and the builder would be given the option of either providing cash security or an equivalent amount in a letter of credit from a financial institution. As a fee would normally be charged by the financial institution to issue the letter of credit, the builder may have opted for a cash deposit instead. As we understand the system, if a draw down of the deposit was requested, it would have been commenced by a request from the claims department. At that time, the amount would be taken into income through the Risk Retention Fund as any related expenses to the claim were paid for by NHW. There is a detailed summary of the two types of deposits by builder and amount available on a year by year basis and this information could be used to develop a continuity schedule as any deductions would either be due to a refund to the builder of the deposit or a utilization of the deposit by NHW for claims recovery.
6. To our knowledge a separate risk retention fund bank account was not set up for the enrollment fees relating to the extended 6th to 10th year warranty but the enrollment fees relating to same and the activities were monitored through separate general ledger accounts so their identity was not lost.
7. The NHW adopted the recommended changes as proposed by the CICA in February 1997. In a detailed meeting with the finance/audit committee in June 1997 the effect the proposed changes would have on the financial statements presentation. It was decided that the changes in format offered better disclosure. There were no changes to the figures or funds except to provide consolidated and individual balances instead of just individual balances as in prior years. The reason that the changes were made earlier than necessary is because the CICA urged earlier adoption, if possible.
8. We did review the actuarial report as of February 1997 which was released in February 1998. We did identify that the report mentioned that it had not taken into account that extraordinary claims with respect to water seepage and soil expansion which were a possibility. We worked with the actuaries and administration of NHW to develop a note that would inform a reader of the potential effect of those possible claims. In the 1998 financial statements that note was part of the Note 5 - Risk Retention Fund under the caption "Claims - Paid and Pending".

With respect to your question relating to earlier financial statements audits and Fred McCreath and the reports he compiled. According to our information we think his last formal report may have been effective February 1996 and would have been released in the 1996-1997 fiscal year. Although we cannot locate a complete copy of the report our information indicates that we must have sighted the full report during the audit. General discussions with the administration of NHW indicated that the general note on the financial statements relating to the accumulation of sufficient funds to pay future claims was still true and in a worst case scenario with limited administration and no further enrollments there were sufficient funds to cover the existing liabilities. This was the most recent written information from Fred McCreath that we sighted.

HENSHAW, KJELLBOTN & McKINLEY

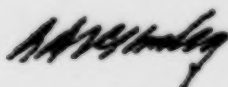
Page 3 of 3

The Barrett Commission,
RE: New Home Warranty of British Columbia Inc.
December 10, 1999

Should you have any questions concerning the above, please do not hesitate to contact the writer.

Yours very truly,

HENSHAW, KJELLBOTN & McKINLEY
Chartered Accountants



Reg D. McKinley, C.A.

RDM/mkp

February 27, 2000

BY FAX: 844-1888

The Barrett Commission
Suite 530- 999 Canada Place
Vancouver, B.C.
V6E 3E1

Attention: Robyn Allan

Dear Robyn:

I received your messages on Friday but had to wait until I returned to the office to review the files.

You have asked us about a note to the financial statements that references an opinion of the risk management consultants. We do not have a written opinion on file from Mr. McCreath regarding that note. This note was reviewed in detail by the administration of NHW and we were informed that the note, was a true representation. If I recall correctly, we were informed that Mr. McCreath had verbally stated to the Board of Directors during a meeting on the 1997/1998 fiscal year that there were sufficient funds available as of February 1997, as the numbers quoted in his reports and presentations, for future costs were high. I cannot recall if we were told this or it was part of the Board of Director's minutes, which we would have reviewed.

We did review his 1996 report, in which Mr. McCreath stated that the projections in his report were conservative. Also, we did review Mr. McCreath's 1997 projection with the KPMG actuarial report for the same period. There was a variance between the KPMG report, which stated an actuarial surplus of approximately \$1,000,000 to Mr. McCreath's estimate for 1997 of a deficit of just over \$10,000,000. Again this difference totalling \$11,000,000 was attributed, we understand, to the acknowledged conservative estimates of Mr. McCreath.

We also understand that Mr. McCreath has sent to you additional information with revised figures which begin to bring his report more in line with the KPMG report.

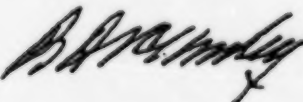
Therefore, the note to the financial statements indicating that sufficient funds were being accumulated was still a fair comment based on the most recent information that was available.

We trust this answers your query.

Should you have any questions concerning the above, please do not hesitate to contact the writer.

Yours very truly,

HENSHAW, KJELLBOTN & McKINLEY
Chartered Accountants



Reg D. McKinley, CA

RDM/mkp

Debra S. Handley, C.A.

"Incorporated Professional"

A. Scott Kjellberg, C.A.

"Incorporated Professional"

Reg D. McKinley, C.A.

"Incorporated Professional"

Ken Robinson, C.A.

"Incorporated Professional"

Donald J. Erickson, C.A.

"Incorporated Professional"

**HENSHAW
KJELLBOTN
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7565 - 172nd Street,

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Chartered
Accountants

THE BARRETT COMMISSION

INQUIRY INTO THE QUALITY OF CONDOMINIUM CONSTRUCTION

David Barrett, Commissioner

Reg McKinley CA
Henshaw Kjellbotn and McKinley
Suite 214 - 132nd Street
Surrey BC
V3W 1K5

February 28, 2000

Dear Reg,

Since you were unable to return my voice messages of last week, I thought I would put into this letter the substance of my request to you. Fred McCreath, in a report to the Commission dated January 5, 2000 stated, *"During the years that MH Financial Consultants Ltd. was retained to consult with David Verge in the preparation of the Risk Management Summaries it was never a condition of the engagement that the reports would be needed to assist the auditors or to be relied on relative to the notes to the Company's financial statements. There was no specific discussion with David Verge or the auditors regarding the note to the financial statements."*

The notes to NHW's financial statements (see for example Note 4: February 28, 1993) consistently refer to: *Risk Retention Fund Balance - The balance in the Risk Retention Fund represents available funds for future claims. In the opinion of risk analysis consultants, sufficient funds are being accumulated to pay those future claims.*

For all the years that you assure the reader that these reserves have been assessed adequate by risk analysis consultants (except for the 1998 statements which I address separately below), did you ever speak to Mr. McCreath, or receive written confirmation from him? Did you ever speak to or receive written confirmation from any other risk management consultants? If so who, and what form did the confirmation of adequate reserves take?

I wrote to Mr. Paul Cochran regarding Note 9, Actuarial Report, to the February 28, 1998 statement, and he said the following in his letter of January 6, 2000: *"My comments refer to note number 9 from the Program's 1998 Financial Statements. As to the substance and content, we disagree with phrase 'KPMG concluded that the recorded funding level of \$18.9 million was reasonably stated.' To be more accurate, our report stated that 'the funding level of \$18.9 million is sufficient to meet the indicated liabilities of \$17.9*

million....We did not discuss the content or substance of our report directly with the Program's auditors."

Could you please comment on the above.

I look forward to hearing from you at your earliest convenience. A telephone call would be appreciated, followed by a written response. As you know our time frame is very limited and I would like to finalize this issue this week.

Sincerely,

BARRETT COMMISSION



Robyn Allan

Economic and Financial Advisor

THE BARRETT COMMISSION

INQUIRY INTO THE QUALITY OF CONDOMINIUM CONSTRUCTION

David Barrett, Commissioner

Reg McKinley CA
Henshaw Kjellbotn and McKinley
Suite 214 - 132nd Street
Surrey BC
V3W 1K5

February 29, 2000

Dear Reg,

Thank-you for your letter of February 27, 2000. Could you please advise me as to whether the second sentence in paragraph 2: *"This note was reviewed in detail by the administration of NHW and we were informed that the note, was a true representation,"* means that it was David Verge who told you it was correct? If not, who was it?

Also, I am unclear as to whether you had received my letter when you prepared your reply. I wonder if you could review my February 28, 2000 letter to you as there are still a number of questions in that letter that have not been addressed in your reply; in particular, any and all years prior to 1996 wherein you have included in the financial statements a note stating in the *"opinion of risk analysis consultants, sufficient funds are being accumulated to pay those future claims."* Who did you speak to, and what written assurances did you receive, that this was indeed the case?

As well, could you please comment on Paul Cochran's comments regarding the 1998 Financial Statement notes.

I look forward to your reply at your earliest convenience.

Sincerely,
BARRETT COMMISSION



Robyn Allan
Economic and Financial Advisor

THE BARRETT COMMISSION

INQUIRY INTO THE QUALITY OF CONDOMINIUM CONSTRUCTION

David Barrett, Commissioner

Fred McCreath
MH Financial Consultants Ltd
#503 - 5850 Larch Street
Vancouver BC
V6M 4E2

February 17, 2000

Dear Fred,

Further to our conversations over the past few weeks, I am writing to confirm the nature and scope of our discussions regarding New Home Warranty. As you know, I am particularly interested in the Funding Analysis that you prepared for the Board on an annual basis. I had summarized those reports and it appeared that there was a funding gap for each of the years that I had reviewed (1993 - 1997).

You explained that the summary claims projections table estimates potential cost of the units under warranty on a going-concern basis (that is all administration costs are included) based on a ratio of overhead to claims costs on a four or five year rolling average. You stated to me that there is no consistent relationship of overhead costs to claims costs. You stated that if the true costs of claims settlement had been clearly identified, you could have used this methodology to predict future exposure more accurately.

Essentially, you took the claims and administrative costs per expired warranty, times the units remaining at risk, to arrive at a future cost of current units under warranty. The summary table in each of the Funding Analyses then provides an itemization of reserve funds and reserve funds per unit, resulting in the apparent funding gap. You stated to me that you "crunched the numbers this way, but had reservations about the methodology" and directed me to read the preamble paragraphs regarding how conservative this yardstick would be.

You explained to me that since the administration costs of a "run-off" situation would be less than on a going concern basis, the use of expired warranty costs would likely overestimate future costs.

You explained to me that your job was to produce the projection of what NHW expected losses were to be. I asked you where that number was in any of the Funding Analyses that

reflected your expectations of what that number was (as distinct from Mr. Verge's) and you explained that there really wasn't one. You explained that, in your mind, you would look at the projected losses, what the operations costs were relative to those losses, and, if there were two or three years of operations department costs, then, there would be enough to shut the door and settle the claims. You would then advise the Board (until 1997) that the reserves were sufficient. But, as you explained, nowhere in the report was there a calculation or explanation of this process of thought.

You stated that you presented your analysis to the Board each year and the discussion usually centered on "how much reserves are enough, or do we have enough?"

Since the reserves were discussed at the Board meetings as being well in excess of the claims paid, the conclusion was made that reserves were adequate. You had nothing to do with writing notes to the company's financial statements, nor did you provide any assurance to the auditors, that reserves were sufficient.

The Funding Analysis report was done as a collaborative exercise between you and Mr. Verge because Mr. Verge wanted to protect the fund to make sure there were no proposals from the Board or CHBA-BC that would see the funds go to RCI or other purposes. You said that you and Mr. Verge felt like "gatekeepers" of the fund.

You also explained that Mr. Verge requested the methodology employed to estimate future claims costs based on past total cost because he wanted a "yardstick" to measure NHW against other benchmarks in the industry. Mr. Verge was concerned, you explained, that otherwise the Board would not agree to the reserves which were held. That is, there was constant pressure from the Board to reduce the amount needed on reserve.

I asked why you didn't undertake an analysis of claims costs (direct and indirect) and you explained that the computer system did not allow for an analysis of that kind. You also mentioned that you had wanted to undertake (during the 1990s) an analysis of the formula in use for the deferring of enrollment revenue in order to see if the revenues matched the expenditures, but you were not given the go ahead for an analysis of this nature because of the uncertainties surrounding the introduction of legislation.

You mentioned that the talk of "closing the doors" was raised again and again in discussion. Often the discussion would also go to the issue of non-taxable status, and the number of years of overhead a non-profit could have in its reserves, since a non-profit had been found by Revenue Canada to have too much overhead in reserve. You would point out that this concern would likely not be relevant to a warranty provider, nevertheless, a transfer of funds from the Administration Fund to the Risk Reserve Fund was undertaken on an ad hoc basis to avoid any risk of having Revenue Canada question the non-taxable status. You stated that you thought Mr. Verge recommended those transfers and that it was done more to protect reserves than any concern he may have had over Revenue

Canada. The Revenue Canada concern was probably an excuse to get an agreement from the Board to transfer the funds.

I trust this accurately reflects the content of our discussions around this issue and would ask that you sign the letter and return a copy to me at your earliest convenience.

Thank-you,



Robyn Allan
Economic and Financial Advisor



Fred McCreath

February 18, 2000

Date

Suite 530 - 999 Canada Place
Vancouver, British Columbia V6C 3E1
Phone (604) 844-1886 Fax (604) 844-1888
E-mail: lenky.coadou@gov.bc.ca

THE BARRETT COMMISSION

INQUIRY INTO THE QUALITY OF CONDOMINIUM CONSTRUCTION

David Barrett, Commissioner

October 13, 1999

Mr. David Dodge
Deputy Minister of Health
Health Canada
1526-B 15th Floor
Brook Claxton Building
Tunney's Pasture ON15-B
Ottawa, Ontario
K1A 0K9
Fax - 613-952-8422

Dear Mr. Dodge,

On August 11, 1999 the Honourable Moe Sihota, Minister of Social Development and Economic Security, announced the reconvening of the Commission of Inquiry into the Quality of Condominium Construction. The terms of reference for the Commission's work are:

1. To further inquire into the quality of condominium construction in British Columbia, in particular, the adequacy of protection for, and accountability to, consumers for faulty condominium construction.
2. To inquire into the impacts on homeowners, the housing market, mortgage insurers and the economy of the financial failure of New Home Warranty of British Columbia Inc., and to inquire into the history of home warranties in BC and the causes of the failure of New Home Warranty of British Columbia Inc.
3. To inquire into the extent of foreclosures, bankruptcies and related matters arising from faulty condominium construction.
4. To submit a report by January 15, 2000 to the Lieutenant Governor in Council, through the Minister of Social Development and Economic Security, recommending any measures, including, but not limited to, changes to legislation, regulations or administrative practice, that the Commissioner determines are needed.

The Commission began its hearings September 13, 1999, and we would appreciate it if Health Canada would attend to make a presentation to the Commission and be prepared to answer questions. The main reason we are requesting Health Canada's attendance at the hearings is that it has been brought to our attention that there are air quality and health risk concerns due to rotting buildings.

Page Two

We are interested to learn what research Health Canada may have undertaken respecting these risks and impacts on residents. Also, has Health Canada adopted any policies or procedures as a result of such analysis?

Please call Ms. Dixie Pidgeon, Executive Assistant to the Commissioner, at 844-1886 (or fax at 844-1888) by October 18, 1999, to confirm your participation. A specific time and date for your appearance will be confirmed during the week following.

Thank you in advance for your co-operation.

Sincerely,

David Barrett
Commissioner

Suite 629 - 999 Canada Place
Vancouver, British Columbia V6C 3E1
Phone (604) 844-1886 Fax (604) 844-1888
E-mail: leaky.condo@gems7.gov.bc.ca

Health
CanadaSanté
Canada

Deputy Minister Sous-ministre

Ottawa, Canada
K1A 0K9

Your file Votre référence

Our file Notre référence

NOV - 8 1999

Mr. David Barrett
Commissioner
The Barrett Commission
629 - 999 Canada Place
Vancouver, British Columbia
V6C 3E1

Dear Mr. Barrett:

Thank you for your letter of October 13, 1999, requesting an appearance by Health Canada researchers before the Barrett Commission - Inquiry into the Quality of Condominium Construction.

Over the last several years, Health Canada has maintained a formal working and collaborative relationship with several professionals active in this area. This involves specific work on the health effects of fungus and moulds with Dr. Robert Dales, a clinician who has been conducting research in this and related areas, and most recently with Dr. David Miller, an academic well known for his work in this field.

Dr. Dales has been with us in a part-time capacity for some years, and would have useful input for your Commission. However, as a full-time clinician, his time is not entirely ours to command, and we would have to work out a mutually agreeable time for an appearance before the Commission. Dr. Miller is primarily an academic (Carleton University), and any input he might have would best be presented in his capacity as an independent researcher in the area of indoor moulds.

With respect to policies and procedures on this issue, Mr. Will Robertson, Product Safety Bureau, Health Protection Branch, was a member of the committee and author of the Health Canada reports on procedures

.../2

Canada

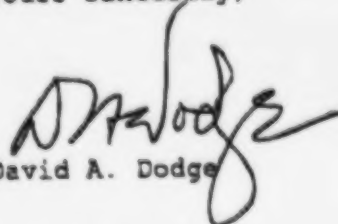
- 2 -

to assess and deal with moulds and associated health issues in public buildings. His input would be useful from this perspective.

While we are agreeable to Dr. Dales and Mr. Robertson providing their input and expertise to your Commission, their professional situations and busy agendas will necessitate finding a mutually agreeable time for their appearance. Dr. Dales can be reached by telephone at (613) 957-1886, and Mr. Robertson at (613) 957-1505.

Once again, thank you for writing.

Yours sincerely,



David A. Dodge

THE BARRETT COMMISSION

INQUIRY INTO THE QUALITY OF CONDOMINIUM CONSTRUCTION

David Barrett, Commissioner

BY FAX TRANSMISSION (613-952-8422)

December 3, 1999

Mr. David Dodge
Deputy Minister of Health
Health Canada
1526-B 15th fl, Brook Claxton Bldg
Tunney's Pasture ON15-B
Ottawa, ON K1A 0K9

Dear Mr. Dodge:

Re: Health Canada Co-operation

Thank you for your letter dated November 8, 1999, in reply to our request for an appearance by representatives of Health Canada before our Commission. Your reply indicated a willingness to co-operate with our work, and you suggested three individuals who might be of help, although only one of them actually works directly for Health Canada, Mr. Will Robertson of the Product Safety Bureau. I wish to advise you that Mr. Robertson is not returning our telephone calls.

A member of my staff contacted Mr. Robertson on Monday, November 22nd. Mr. Woods was surprised to hear Mr. Robertson say that he had not seen your letter of November 8th. Consequently, it was agreed that Mr. Woods would send him a copy of both our initial letter to you, and your reply - and that Mr. Robertson would contact Mr. Woods to discuss an appearance before the Commission. Since that time, Mr. Woods has not heard from Mr. Robertson. If Mr. Robertson is unable or unwilling to help the Commission, I would urge you to suggest an alternative representative.

I am sure you share my concern that individuals living in leaky condominiums, that have encountered serious mold problems, have good reason to know more about any health consequences related to their circumstances. In presentations made to the Commission, questions have been raised about health consequences that warrant expert comment.

Sincerely,
Barrett Commission

Dave Barrett
Dave Barrett (per: MS)
Commissioner

Suite 530 - 999 Canada Place
Vancouver, British Columbia V6C 3E8
Phone (604) 844-1886 Fax (604) 844-1886
E-mail: leaky.condos@gems4.gov.bc.ca

THE BARRETT COMMISSION

COPY

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INQUIRY INTO THE QUALITY OF CONDOMINIUM CONSTRUCTION

David Barrett, Commissioner

December 10, 1999

The Honourable Allan Rock
Minister of Health
House of Commons
Room 256 - Confederation Building
Ottawa, ON K1A 0A6

Dear Mr. Minister:

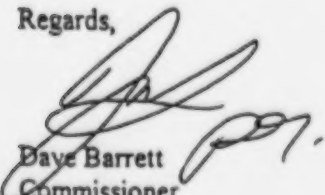
Re: Barrett Commission of Inquiry Into The Quality of Condominium Construction

Over the past few weeks this Commission has written several letters to senior members of your Ministry asking for their expert assistance in our work. Copies of such correspondence are enclosed. Regrettably, none of these letters have been answered and telephone phone calls from our commission staff to your department have gone unanswered.

Your department has already publicly acknowledged that mold is a problem by its action on a number of BC First Nations' reserves. The Commission finds it difficult to understand the lack of co-operation we are experiencing from your department in dealing with this issue relative to leaky condominiums in British Columbia.

Professor Chris Van Netten of the University of British Columbia's Health Care and Epidemiology Department, presented some disturbing testimony to our Commission on December 7, 1999, a transcript of same is attached. We would appreciate your assistance in our work by designating a suitably senior representative of your Ministry to appear before the Commission to respond to the important health issues raised by Dr. Van Netten.

Regards,


Dave Barrett
Commissioner

Encl's (3)

Suite 530 - 999 Canada Place
Vancouver, British Columbia V6C 3E1
Phone (604) 844-1886 Fax (604) 844-1888
E-mail: leaky.condos@gems4.gov.bc.ca

THE BARRETT COMMISSION

INQUIRY INTO THE QUALITY OF CONDOMINIUM CONSTRUCTION

David Barrett, Commissioner

Mr. Peter Smith
Chairman
Canada Mortgage and Housing Corporation
700 Montreal Road
Ottawa Ontario
K1A 0P7

November 9, 1999

Dear Mr. Smith

The Commission of Inquiry into the Quality of Condominium Construction in British Columbia was reinstated by the Provincial Government on August 11, 1999. The terms of reference for the Commission's work are:

1. To further inquire into the quality of condominium construction in British Columbia, in particular, the adequacy of protection for, and accountability to, consumers for faulty condominium construction.
2. To inquire into the impacts on homeowners, the housing market, mortgage insurers and the economy of the financial failure of New Home Warranty of British Columbia, Inc., and to inquire into the history of home warranties in BC and the causes of the failure of New Home Warranty of British Columbia Inc.
3. To inquire into the extent of foreclosures, bankruptcies and related matters arising from faulty condominium construction.
4. To submit a report by January 15, 2000 to the Lieutenant Governor in Council through the Minister of Social Development and Economic Security, recommending any measures, including but not limited to changes to legislation, regulations or administrative practice, that the Commissioner determines are needed.

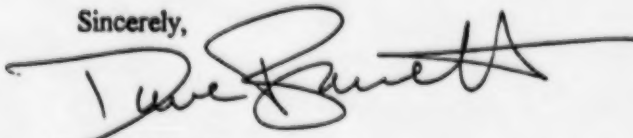
Suite 629 - 999 Canada Place
Vancouver, British Columbia V6C 3E1
Phone (604) 844-1886 Fax (604) 844-1888
E-mail: leaky.condos@gems4.gov.bc.ca

Mr. Jim Lynch, Regional Director of CMHC for British Columbia made an excellent presentation to the Barrett Commission and answered a number of questions on a wide range of issues on November 3, 1999. As well, CMHC has been very helpful in providing information and answering ongoing questions both throughout these hearings as well as during the first Barrett Commission.

However, the Commission has other questions which relate to CMHC corporate policy and governance, and it is within that context that we would request you and your President and Chief Executive Officer, Mr. Marc Rochon, attend the Commission's hearings.

It would be appreciated if you could confirm your attendance at one of the Commission's hearings prior to December 15, 1999. Dixie Pidgeon, Executive Assistant to the Commission will be contacting your office early next week to confirm a convenient date and time.

Sincerely,

A handwritten signature in black ink, appearing to read "Dave Barrett", with a long horizontal flourish extending to the right.

Dave Barrett
Commissioner

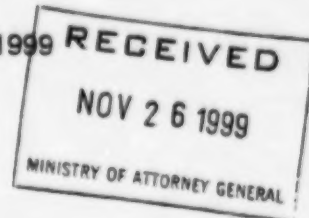


Tom

Office of the Chairman
of the Board

Bureau du Président
du Conseil

November 23, 1999



Mr. David Barrett
Commissioner
The Barrett Commission
Suite 629 - 999 Canada Place
Vancouver, British Columbia
V6C 3E1

Dear Mr. Barrett:

Thank you for your letter of November 9, 1999, in which you invite me and Mr. Marc Rochon, President and Chief Executive Officer of Canada Mortgage and Housing Corporation (CMHC), to attend the Barrett Commission's hearings into the construction of condominiums in British Columbia.

As you are aware, CMHC's most senior executive in British Columbia, and the person most familiar with CMHC's corporate knowledge concerning the issues your Commission of Inquiry are addressing, Mr. Jim Lynch, General Manager for British Columbia and Yukon, has already attended hearings of the first and second Commissions. Mr. Lynch's presentations and responses concerning these issues reflect CMHC's position from both an operational and policy perspective. Therefore, both Mr. Rochon and I must respectfully decline your invitation to attend before the Commission. However, if CMHC can be of further assistance to the Commission in its inquiries, CMHC will be pleased to continue to co-operate through the offices of Mr. Lynch.

Yours sincerely,

Peter R. Smith
Chairman



THIRD FLOOR • 717 WEST PENDER STREET
VANCOUVER • BRITISH COLUMBIA • CANADA V6C 1G9

TELEPHONE 604/669-9585 FACSIMILE 604/689-8691
E-MAIL mcenser@udi.org / metcalfe@udi.org WEBSITE www.udi.bc.ca

December 15, 1997

David Verge
New Home Warranty
760-1441 Creekside Drive
Vancouver, BC
V6J 4S7

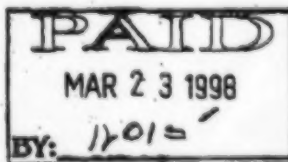
Dear Mr. Verge:

As per discussions with committee members and staff, we are pleased that New Home Warranty has agreed to offset expenses relating to labour relations advertising and professional development UDI has recently undertaken.

As discussed with Colin Metcalfe, the attached invoice outlines costs associated with province wide advertising. Please let me know if you have any questions or comments relating to the invoices.

Sincerely,

Maureen Enser
Maureen Enser
Executive Director



33871.66

JUL 11 1997

BN 12426 0167 RT
July 9, 1997

Purchaser (client): Urban Development Institute
Address: 3rd floor, 717 W. Pender St., Vancouver, B.C. V6C 1G9
Job: Bill 44 campaign: consultation, concepts, copywriting and design, (newspaper ads and posters), print production, photography and full-page insertions into Vancouver Sun and Province.

CCC invoice number: 9767

Writing, creative direction:	4960.00
Art direction, design, production to cra & shipping:	3529.50
Photography (including prints):	1038.56
Insertion, Vancouver Sun, 3080 lines @ \$5.52/line:	17,001.60
Insertion, The Province, 1620 lines @ \$3.94/line:	6392.80
Large poster for press conference:	350.00
<u>Other couriers and disbursements:</u>	<u>26.00</u>
Subtotal:	33,288.46
GST on above:	2331.14
<u>PST paid on above:</u>	<u>83.20</u>

GRAND TOTAL: 35,702.80

CHARGE TO A/C _____
PROJECT Bill 44
~~PAID~~ PAID July 29/97
CHEQUE # 1
APPROVED [Signature]

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PH. 669-9585 FAX 689-8691**

May 1, 1998

**New Home Warranty
760-1441 Creekside Drive
Vancouver, BC
V6J 4S7**

RECEIVED

MAY -5 1998

**NEW HOME WARRANTY PROGRAM
OF B.C. AND THE YUKON**

REFERENCE CODE: AWARDS

ATTENTION:

BRIAN TWEED

RE:

**AWARDS OF EXCELLENCE
2 CORPORATE TABLES
16 Tickets & 4 Comp.
Waterfront Centre
June 11, 1998**

*MAY 06 1998
Approved [Signature]*

38

TOTAL AMOUNT DUE:

\$1,600.00

(GST Included)

BUSINESS NUMBER #11932 4994 RT

New Home Warranty of British Columbia Inc.

KEEPING YOU INFORMED

BILL 46 "HOMEOWNER PROTECTION ACT" is now law and will be implemented on January 1, 1999.

All residential builders will need to be "Registered" with a warranty insurance provider and "Licenced" by the new Provincial Government Agency called the Home owner Protection Office.

Highlights of Mandatory Home Warranty

Under Bill 46 every home built in British Columbia, except certain owner built home, will need to be covered by a third party warranty insurance company offering not less than:

- two years workmanship and materials warranty
- five years building envelope/water penetration warranty
- ten years structural components warranty

It is intended that home construction disputes be resolved using mediation or arbitration.

Act Now

Call New Home Warranty and verify your builder is "Registered" and confirm your new home is enrolled with us.

Many of our Registered Builders offer this coverage today and we encourage you to do business with them and ask for the more comprehensive warranty.

We would also like to thank all new home buyers and our 1600 plus Registered Builders for working with us during this transition period.

WE ARE NOT FOR Profit! We are here for the builders and consumers of B.C. We operate on a break-even basis. We are not trying to make a profit and we don't pay dividends to our shareholders. Premium dollars stay in B.C. for future claims.



Call (604) 736-9231
Toll Free 1-800-663-4244

Incorporated 1976

Fax (604) 736-5399
Internet: www.nhwp.com

[With New Home Warranty]

The leaky condo issue isn't water under the bridge.



In a perfect world, the Leaky Condo issue would just float away. But because new homes are built in the real world, purchasers need to be sure they have the best third party warranty protection available, before making a buying decision.

That's why at New Home Warranty of British Columbia & Yukon, we have introduced a new 10 Year Limited Repair Warranty, including 3 Year Water Penetration coverage. It's a warranty that sets a new benchmark for longer and more comprehensive warranty coverages anywhere in the world.

We have also pledged additional resources to go toward technical training for British Columbia builders. We have developed a series of technical bulletins and seminars on building membranes, stains application, and soil-related building failures. And we have amended our enrolment criteria to require certification of these building elements.

We've made a long-term commitment.

New Home Warranty is a responsible and responsive, not-for-profit, private company that has been providing protection to new home buyers for more than 20 years.

Since 1976, we have continued to bring forward new ideas to strengthen New Home Warranty and to provide better protection for new home buyers. We have enrolled more than 182,000 homes, examined tens of thousands of

construction complaints and paid out more than \$30 million in claims.

We believe New Home Warranty has provided good service and will continue to strive for better consumer protection with its third party warranty.

How Warranty works.

New Home Warranty sets stringent criteria to measure technical competence and financial stability of applicant builders to ensure that they have the commitment to build right and to look after their home buyers. In return, we undertake to perform the builder's warranty obligations should the builder default.

Currently, more than 1,500 qualified builders are registered with New Home Warranty. When your home is enrolled with us, all of the Workmanship and Materials that your builder and his subcontractors put in place are covered by New Home Warranty.

In year one, any qualified defect that becomes known after occupancy will be repaired by the builder. If the builder does not, New Home Warranty will - up to \$100,000.

After the first year, New Home Warranty continues warranty coverage for those situations where Major Structural Defects affect the load bearing components

of the building to a maximum of \$100,000 per residential unit.

In the case of multi-family building common property, Warranty will repair Major Structural Defects up to \$100,000 per unit to a maximum of \$2 million per project.

We're investing in better housing.

New Home Warranty invests heavily in education and training initiatives to assist in the development of a highly skilled industry and the production of better housing.

We are a member of the Canadian Home Builders' Association, the Urban Development Institute and are approved by all HMA high-ratio mortgage insurers, including Canada Mortgage and Housing Corporation and C.I. Capital Mortgage Insurance.

How to find out if your home is covered.

In addition to new condominiums and single family homes, New Home Warranty covers semi-detached homes, townhomes, duplexes, low-rise and high-rise buildings, manufactured homes, co-operatives, senior citizen projects, First Nations and non-profit housing.

Best of all, the cost of New Home Warranty coverage is included in your home's purchase price — if your builder is enrolled with us. If you are about to buy a new home, be sure your builder is covered. Call New Home Warranty today. It's a little effort for a lot of peace of mind.

Be sure your builder's registered. Call 736-9231 today.

**NEW HOME
WARRANTY**



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To: Barrett Commission 2/Fax 604 844-1888

The Kamloops Daily News

TUESDAY, JUNE 1, 1994

SS 17

NEW HOME WARRANTY

Peace of Mind

PITFALLS

From Page 16

lean and low. Thus, there is not a lot of money to be saved by acting as your own general contractor.

A good builder will keep you informed every step of the way, report on his progress, advise you of decisions he has made, and allow you plenty of time to make your own choices for the decor. He will deliver a new home that is better built and for less money than you could have possibly done it yourself.

In choosing a reputable builder, you should interview a number of New Home Warranty Program Builders. A registered builder is committed to purchasers and the industry by providing quality construction and a warranty which is guaranteed by New Home Warranty. Every Registered builder must satisfy the program's established criteria in the areas of track record, technical expertise, and financial position.

The relationship with builders

The New Home Warranty Program of B.C. and the Yukon was created by the residential construction industry (Canadian Home Builders' Association of B.C.) in response to: (i) growing consumer criticism over poor workmanship in house construction and fly-by-night builders who quickly surfaced in boom times and who more quickly disappeared when times became difficult or complaints arose; and (ii) to meet the threat by government to impose regulations governing how the residential construction industry would operate.

The B.C. government had prepared draft legislation to impose just such control. We can credit government with having the foresight to approach the industry's Association (CHBA) with an alternative.

1. Set stiff, but reasonable and workable, criteria for builders applying for Warranty registration in the prime areas of established track record, technical competence, and financial stability.

2. To ensure their construction meets the B.C. Building Code, any local or municipal codes, and Warranty standards.

3. To ensure the Builder's warranty obligations are carried out in the case of builder default, Warranty acts as a "safety net" for the homeowner and the program pays for the cost of repairs on val-
-dated claims.

Registered Builders should be proud to tell their purchasers that as a warranty builder, they have been thoroughly checked out at Registration time and at least annual thereafter, and that the purchaser will have the added benefit of guaranteed Warranty protection. If something happens to their relationship, the warranty remains in place with New Home Warranty and is obligated at law to perform to the full extent of warranty coverages.

No industry in the free world is able to boast that it has in place a mechanism that works to safeguard the interests of the industry while at the same time is charged with the responsibility of providing essential consumer protection.

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MINISTRY OF ATTORNEY GENERAL

WHAT'S IN IT FOR THE BUILDER?

New Home Warranty of British Columbia & Yukon was created by the residential construction industry (Canadian Home Builders' Association of B.C.) in response to (i) a growing consumer criticism over shoddy workmanship in house construction and fly-by-night builders who quickly surfaced in boom times and who more quickly disappeared when times got tough or complaints arose, and (ii) to meet the threat by Government to impose regulations governing how the residential construction industry would operate.

The British Columbia Government had draft legislation prepared to impose just such control. We can credit Government with having the foresight to approach the industry's Association – CHBA – with an alternative — **SELF REGULATION!!**

That **SELF REGULATION** mechanism is known as New Home Warranty of British Columbia & Yukon. Its responsibilities are to:

1. Set stiff, but reasonable and workable, criteria for builders applying for Warranty registration in the prime areas of technical competence, financial stability, and established track record;
2. To ensure housing construction meets Warranty standards; and
3. To ensure the Builder's Warranty obligations are carried out. In the case of default, Warranty pays!

A Warranty Builder should be proud to tell his Purchaser that as a Warranty Builder he has been thoroughly checked out at Registration and thereafter, and that the Purchaser will have the added benefit of guaranteed third party Warranty protection.

Warranty should be portrayed as the Builder's statement of confidence. He can say to his Purchasers with all sincerity that by dealing with a Warranty Builder, they have the comfort of knowing if something happens to their relationship, the warranty remains in place and is obligated at law to perform to the full extent of warranty coverages.

No industry anywhere in the free world is able to boast that it has in place a mechanism that works to safeguard the interest of the industry, while at the same time, and perhaps more importantly, is charged with the responsibility of providing essential consumer protection.

ACCESS TO FINANCING

Canada Mortgage & Housing Corporation and GE Capital Mortgage Insurance Canada require Warranty to be in place prior to their undertaking to insure mortgages. Most larger mortgage lenders also recognize the value of Warranty and require it for conventional mortgage financing.

Governments recognize Warranty as satisfying its needs in the major areas discussed above and in recognition of such, require Warranty on Federal and Provincial housing projects.

LEGAL DILEMMA

The day of the 'one year industry standard warranty' appears to be gone forever.

An independent third party warranty may be the best response to any legal dilemma where a builder may be exposed to liability for implied warranty of "good and workmanlike construction" on a project sold before absolute completion; and any obligation to subsequent purchasers of residential units for "negligence" in construction resulting in potentially 'dangerous' circumstances.

A well worded builder contract, along with New Home Warranty acts as an assurance that reasonable protection is available for the consumer.

ACCESS TO QUASI JUDICIAL PROCESSES

Sooner or later the Builder and at least one of his clients are going to have a disagreement which may result in a legal battle. Under Warranty this need not happen. By Warranty agreement, either the Builder or the Purchaser are required to submit disputes to binding conciliation. In the case of Warranty disputes and for more complex issues involving contractual disputes, binding arbitration can be provided on request pursuant to the B.C. Commercial Arbitration Act. This is intended to provide fast and efficient handling of complex construction issues without resorting to high cost and time consuming litigation.

PROFILE IMPROVEMENT

Builders who qualify for acceptance as Registered Warranty Builders benefit considerably from consumer confidence created by Warranty's marketing and promotional campaigns intended to elevate the profile of the Builder and to encourage the purchase of "new homes".

POINT OF SALE MATERIAL

At no cost to the Builder New Home Warranty provides signage, window posters and informative brochures.

SOLUTIONS TO TECHNICAL PROBLEMS

Registered Builders and representatives of subtrades and suppliers also work together to look into common technical problems experienced by a Builder. The results of their investigations and the solutions are distributed to Builders in regular bulletins.

New Home Warranty works with the Canadian Home Builders' Association of B.C., the Urban Development Institute of B.C., and others, providing financial resources and technical expertise to develop and deliver industry education and training.

With the exception of the technical criteria established by New Home Warranty for Builder qualification, no other form of builder qualification exists in British Columbia and Yukon. Those builders who fail to qualify are generally the tinkerers, weekend builders and others who have no commitment to either the industry or the interests of the new home buying public.

HOUSING ELIGIBLE FOR WARRANTY

1. Single Detached (on builder or owner land)
2. Semi Detached and Row Housing
3. Low and High Rise Condominiums
4. Rental Apartment Buildings
5. Co-operative Housing Projects
6. Senior Citizen Housing Projects
7. Municipal and Provincial Low Income Rental Projects
8. Rural & Native Housing

WARRANTY MONETARY LIMITS

Deposit Coverages	To Maximum	\$20,000
Defects Noted at Closing	To Maximum	\$3,000
Five Year Structural Warranty	To Maximum	\$100,000
Optional Extended Structural Warranty	Years 6 - 10	\$100,000
Multi-family Project Common Property Warranty #Units x \$100,000	To Maximum	\$2,000,000
Extended Warranty #Units x \$100,000	To Maximum	\$2,000,000
Offsite Living Allowance, per occupancy (necessity determined by NHW)	To Maximum	\$3,000

Registered Builders *are* New Home Warranty of British Columbia Inc. — and they have made a difference.

FEB 11 2000

MINISTRY OF ATTORNEY GENERAL

We Are The New Home Warranty Program, And We Have Made A Difference.

- ☛ Since 1976, New Home Warranty has provided peace of mind for families throughout British Columbia and the Yukon. And while standing behind more than 4,600 builders, we've become one of the largest new home warranty programs in the world.
- ☛ In fact, we currently have more than 1,200 Registered Builders and have enrolled more than 130,000 homes.
- ☛ Our impressive list of buyer benefits includes \$20,000 Deposit Coverage, \$3,000 Completion Coverage, \$100,000 Workmanship and Materials Coverage, relocation expenses to \$3,000 if required, \$100,000 Major Structural Defect Coverage and our optional 10 Year Major Structural Defect Coverage to \$100,000.
- ☛ We have paid out more than \$9 million to settle claims during the past 18 years. And we promise continued excellent service for the new home buying public as well as the perpetuation of industry order through self-regulation, today and long into the future.
- ☛ For more information call 736-9231 or toll free 1-800-663-4244

*TIMES-COLONIST
Friday, May 27, 1994, page F21*



There is no alternative